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UNAUDITED PRO FORMA FINANCIAL INFORMATION

We prepared the following unaudited pro forma consolidated balance sheet as of June 30, 2010 and the unaudited pro forma consolidated statements of operations for the year ended December 31, 2009 and for the six–month and twelve–month periods ended June 30, 2010, to illustrate the estimated effects on our consolidated financial position and results of operations for the proposed debt restructuring described in this Statement, which contemplates the cancellation of Restructured Debt in exchange for the Restructuring Consideration.

The unaudited pro forma balance sheet has been prepared assuming the transaction was consummated as of the balance sheet date. The unaudited pro forma statements of operations have been prepared assuming the transaction was consummated at the beginning of the period presented. The pro forma balance sheet includes adjustments that are both recurring and non–recurring, while the pro forma statements of operations only include adjustments that have a continuing impact. Because the pro forma balance sheet and pro forma statements of operations assume that the transaction occurred on different dates (i.e., the most recent balance sheet date, as compared to the beginning of the fiscal year presented for the pro forma statements of operations), and because of the difference in presenting non–recurring adjustments, the adjustments reflected in the pro forma balance sheet do not reconcile with the adjustments in the pro forma statements of operations.

We have prepared the unaudited pro forma financial information for informational purposes only. It does not purport to indicate the results of operations that would actually have occurred had the transaction taken place on the date indicated or which may be expected to be achieved in the future. You should read the unaudited pro forma consolidated financial information together with our consolidated financial statements and the notes thereto included elsewhere in this Statement and the information under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our consolidated financial statements are prepared in accordance with MFRS, which differs in certain significant respects from U.S. GAAP.

The convenience translation was determined using the exchange rate as of December 31, 2009 and June 30, 2010, which was Ps. 13.0587 and Ps. 12.6567 per dollar, respectively.

Unaudited Pro Forma Consolidated Balance Sheet
Vitro, S.A.B. de C.V. and Subsidiaries
Consolidated Balance Sheet as of June 30, 2010
(Millions of Mexican pesos)

	Actual	Pro Forma Adjustment*	As Adjusted	As Adjusted (Millions of U.S. dollars)
Assets				
Cash and cash equivalents	Ps. 2,518	Ps. (949)(a)	Ps. 1,569	$ 124
Trade receivables, net	3,511		3,511	277
Taxes receivable	155		155	12
Other receivables	834		834	66
Inventories, net	3,373		3,373	266
Current assets	10,391	(949)	9,442	745
Investments in associated company	854		854	67
Land and buildings, net	6,392		6,392	505
Machinery and equipment, net	7,717		7,717	610
Construction in progress	462		462	37
Goodwill	512		512	40
Deferred taxes	4,918	(2,390)(b)	2,528	200
Employee benefits	41		41	3

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	Actual	Pro Forma Adjustment*	As Adjusted	As Adjusted (Millions of U.S. dollars)
Other assets	994		994	79
Non−current assets	21,890	(2,390)	19,500	1,541
Total assets	Ps. 32,281	Ps. (3,339)	Ps. 28,942	$ 2,286

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	Actual	Pro Forma Adjustment*	As Adjusted	As Adjusted (Millions of U.S. dollars)
Liabilities				
Short–term borrowings	Ps. 791	Ps.	Ps. 791	$ 62
Current maturities of long–term debt	16,766	(16,035)(c)	731	58
Trade payables	1,581		1,581	125
Accrued expenses	1,032		1,032	81
Derivative financial instruments	3,243	(3,040)(d)	203	16
Interest payable	3,307	(2,622)(e)	685	54
Other current liabilities	1,142		1,142	90
Current liabilities	27,862	(21,697)	6,165	486
Long–term debt	1,790	10,758(f)	12,548	991
Taxes payable	1,072		1,072	85
Other long–term liabilities	235		235	19
Long–term liabilities	3,097	10,758	13,855	1,095
Total liabilities	30,959	(10,939)	20,020	1,581
Stockholder's equity				
Capital stock	387		387	31
Restatement of capital stock	7,245		7,245	572
Restated capital stock	7,632		7,632	603
Treasury stock	(547)		(547)	(43)
Additional paid–in capital	1,644		1,644	130
Translation effects of foreign subsidiaries	319		319	25
Mandatory convertible debentures		1,266(g)	1,266	100
Accumulated deficit	(9,038)	6,334(h)	(2,704)	(214)
Controlling interest	10	7,600	7,610	601
Non–controlling interest in consolidated subsidiaries	1,312		1,312	104
Total stockholders' equity	1,322	7,600	8,922	705
Total liabilities and stockholders' equity	Ps. 32,281	Ps. (3,339)	Ps. 28,942	$ 2,286

* Reflects the following pro forma adjustments:

(a) This amount reflects the Restructuring Cash Payment.

(b) This amount reflects the tax effect related to the proposed debt restructuring. In a *concurso mercantil* proceeding in Mexico, any gain resulting from the reduction in net debt is taxable up to the amount of net operating tax loss carryforwards.

(c) This amount reflects the cancellation of the Old Notes and the Other Debt.

(d) This amount reflects the cancellation of the DFI Claims.

(e) This amount reflects the cancellation of interest payable in relation to the Restructured Debt.

(f) This amount reflects the issuance of $850.0 million of New 2019 Notes.

(g) This amount reflects the issuance of $100.0 of New MCDs.

(h) This amount reflects the gain that would be recognized as a result of the proposed restructuring based on the terms described in this Statement.

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Unaudited Pro Forma Consolidated Statements of Operations
Vitro, S.A.B. de C.V. and Subsidiaries
Statement of Operations for the six−month period ended June 30, 2010
(Millions of Mexican pesos)

	Actual	Pro Forma Adjustment*	As Adjusted	As Adjusted (Millions of U.S. dollars)
Net sales	Ps. 11,399	Ps. —	Ps. 11,399	$ 901
Cost of sales	8,386	—	8,386	663
Gross profit	3,013	—	3,013	238
Selling, general and administrative expenses	2,397	—	2,397	189
Operating income	616	—	616	49
Interest expense (income), net	1,267	(514)(a)	753	59
Derivative financial instruments	108	—	108	9
Exchange (gain) loss	(285)	237(b)	(48)	(4)
Total comprehensive financing result	1,090	(277)	813	64
(Loss) gain after financing cost	(474)	277	(197)	(15)
Other expenses (income), net	152	—	152	12
Equity in earnings of associated company	14	—	14	1
Income (loss) before taxes	(612)	277	(335)	(26)
Income tax (benefit) expense	(153)	83(c)	(70)	(6)
Net (loss) income for the period	Ps. (459)	Ps. 194	Ps. (265)	$ (20)
Net noncontrolling interest (loss) income	Ps. (1)	Ps. —	Ps. (1)	$ 0
Net controlling interest (loss) income	(458)	194	(264)	(20)
	Ps. (459)	Ps. 194	Ps. (265)	$ (20)

* Reflects the following pro forma adjustments:

(a) This amount reflects the net decrease in interest expense related to the cancellation of the Restructured Debt, which was offset by an increase in interest expense associated with the Restructuring Consideration (assuming interest expense related to the New 2019 Notes based on an interest rate of 8.0%, less interest income earned as a result of the Restructuring Cash Payment).

(b) This amount reflects the net decrease in our foreign exchange gain related to the cancellation of the Restructured Debt (a significant portion of which is denominated in U.S. dollars), which was offset by an increase in our foreign exchange gain related to the Restructuring Consideration (100% of which is denominated in U.S. dollars).

(c) This amount reflects the tax effects of the pro forma adjustments noted in (a) and (b) above.

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Unaudited Pro Forma Consolidated Statements of Operations
Vitro, S.A.B. de C.V. and Subsidiaries
Statement of Operations for the twelve–month period ended June 30, 2010
(Millions of Mexican pesos)

	Actual	Pro Forma Adjustment*	As Adjusted	As Adjusted (Millions of U.S. dollars)
Net sales	Ps. 23,098	Ps. —	Ps. 23,098	$ 1,825
Cost of sales	16,831	—	16,831	1,330
Gross profit	6,267	—	6,267	495
Selling, general and administrative expenses	4,956	—	4,956	392
Operating income	1,311	—	1,311	103
Interest expense (income), net	2,684	(1,028)(a)	1,656	131
Derivative financial instruments	219		219	17
Exchange (gain) loss	(487)	72(b)	(415)	(33)
Total comprehensive financing result	2,416	(956)	1,460	115
Gain (loss) after financing cost	(1,105)	956	(149)	(12)
Other expenses (income), net	283		283	22
Equity in earnings of associated company	(25)		(25)	(2)
Income (loss) before taxes	(1,413)	956	(457)	(36)
Income tax (benefit) expense	(609)	287(c)	(322)	(25)
Net (loss) income for the year	Ps. (804)	Ps. 669	Ps. (135)	$ (11)
Net noncontrolling interest income	78		78	6
Net controlling interest (loss) income	Ps. (882)	Ps. 669	Ps. (213)	$ (17)
	Ps. (804)	Ps. 669	Ps. (135)	$ (11)

* Reflects the following pro forma adjustments:

(a) This amount reflects the net decrease in interest expense related to the cancellation of the Restructured Debt, which was offset by the effects of the Restructuring Consideration (includes interest expense related to the New 2019 Notes with an interest rate of 8% and less interest income earned as a result of the $75 million cash payment).

(b) This amount reflects the net decrease in our foreign exchange gain related to the cancellation of the Restructured Debt (a significant portion is in U.S. dollars), which was offset by the effects of the Restructuring Consideration (100% is in U.S. dollars).

(c) This amount reflects the tax effect related to the pro forma adjustments noted in (a) and (b) above.

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Unaudited Pro Forma Statements of Operations
Vitro, S.A.B. de C.V. and Subsidiaries
Statement of Operations for the year ended December 31, 2009
(Millions of Mexican pesos)

	Actual	Pro Forma Adjustment*	As Adjusted	As Adjusted (Millions of U.S. dollars)
Net sales	Ps. 23,991	Ps. —	Ps. 23,991	$ 1,837
Cost of sales	17,180	—	17,180	1,316
Gross profit	6,811	—	6,811	521
Selling, general and administrative expenses	5,482	—	5,482	420
Operating income	1,329	—	1,329	101
Interest expense (income), net	2,772	(1,060)(a)	1,712	131
Derivative financial instruments	570	—	570	44
Exchange (gain) loss	(976)	457(b)	(519)	(40)
Total comprehensive financing result	2,366	(603)	1,763	135
Gain (loss) after financing cost	(1,037)	603	(434)	(34)
Other expenses (income), net	291	—	291	22
Equity in earnings of associated company	(24)	—	(24)	(2)
Income (loss) before taxes	(1,352)	603	(749)	(58)
Income tax (benefit) expense	(598)	181(c)	(417)	(32)
Net (loss) income for the year	Ps. (754)	Ps. 422	Ps. (332)	$ (26)
Net noncontrolling interest income	33	—	33	3
Net controlling interest (loss) income	Ps. (787)	Ps. 422	Ps. (365)	$ (29)
	Ps. (754)	Ps. 422	Ps. (332)	$ (26)

* Reflects the following pro forma adjustments:

(a) This amount reflects the net decrease in interest expense related to the cancellation of the Restructured Debt, which was offset by an increase in interest expense associated with the Restructuring Consideration (assuming interest expense related to the New 2019 Notes based on an interest rate of 8%, less interest income earned as a result of the Restructuring Cash Payment).

(b) This amount reflects the net decrease in our foreign exchange gain related to the cancellation of the Restructured Debt (a significant portion of which is denominated in U.S. dollars), which was offset by an increase in our foreign exchange gain related to the Restructuring Consideration (100% of which is denominated in U.S. dollars).

(c) This amount reflects the tax effects of the pro forma adjustments noted in (a) and (b) above.

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Unaudited Pro Forma Consolidated Ratios
Vitro, S.A.B. de C.V. and Subsidiaries
(Millions of Mexican pesos)

	Actual	Actual (Millions of U.S. dollars)	As Adjusted	As Adjusted (Millions of U.S. dollars)
Year ended December 31, 2009:				
Operating income	Ps. 1,329	$ 101	Ps. 1,329	$ 101
Add non–cash items:				
Depreciation and amortization	1,473	113	1,473	113
Non cash provision of employee benefits	416	32	416	32
2009 EBITDA*	Ps. 3,217	$ 246	Ps. 3,217	$ 246
Ratios:				
2009 EBITDA / 2009 Net Interest	1.16x		2.78x	
June 2010 Debt / 2009 EBITDA	6.01x		4.37x	
June 2010 Debt + DFI Claims / 2009 EBITDA	6.99x		4.37x	
June 2010 Total Liabilities / Stockholders' Equity	23.42x		1.84x	

* This amount reflects earning before interest, taxes plus depreciation and amortization, and provision for employee benefits (EBITDA).

	Actual	Pro Forma Adjustment
Ratio of Earnings to Fixed Charges December 2009	—(1)	—(2)

(1) Our earnings were insufficient to cover fixed charges for the year ended December 31, 2009 by approximately Ps. 1,279.

(2) Our earnings after pro forma adjustments were insufficient to cover fixed charges for the year ended December 31, 2009 by approximately Ps. 677.

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	Actual	Actual (Millions of U.S. dollars)	As Adjusted	As Adjusted (Millions of U.S. dollars)
Twelve–month period ended June 30, 2010:				
Operating income	Ps. 1,311	$ 103	Ps. 1,311	$ 103
Add non–cash items:				
Depreciation and amortization	1,503	119	1,503	119
Non cash items due to early extinguishment of employee benefits	422	33	422	33
2010 EBITDA*	Ps. 3,236	$ 255	Ps. 3,236	$ 255
Twelve–month period ended June 30, 2010 Ratios:				
2010 EBITDA / 2010 Net Interest	1.20x		2.89x	
June 2010 Debt / 2010 EBITDA	5.98x		4.35x	
June 2010 Debt + DFI Claims / 2010 EBITDA	6.92x		4.35x	
June 2010 Total Liabilities / Stockholders' Equity	23.42x		1.84x	

* This amount reflects earning before interest, taxes plus depreciation and amortization, and provision for employee benefits (EBITDA).

	Actual	Pro Forma Adjustment
Ratio of Earnings to Fixed Charges June 2010	—(3)	—(4)

(3) Our earnings were insufficient to cover fixed charges for the twelve–month period ended June 30, 2010 by approximately Ps. 1,388.

(4) Our earnings after pro forma adjustments were insufficient to cover fixed charges for the twelve–month period ended June 30, 2010 by approximately Ps. 432.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion in conjunction with, and this discussion is qualified in its entirety by reference to, our consolidated financial statements and notes thereto and other financial information included elsewhere in this Statement. Our consolidated financial statements are prepared in accordance with MFRS, which differs in certain significant respects from U.S. GAAP. See "Presentation of Financial Information and Other Information." This section contains forward–looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward–looking statements as a result of various factors, including without limitation those set forth in "Risk Factors" and the other matters set forth in this Statement. See "Forward–Looking Statements."

OPERATING RESULTS

Factors Affecting Our Results of Operations

Our statement of operations is affected by, among other factors, (i) the level of demand and price for our products in the countries in which we operate, (ii) our costs of production, which principally consist of costs of raw materials, labor, energy and depreciation, (iii) the relationship between the Mexican peso, the U.S. dollar and the euro, (iv) financing costs, which are incurred in Mexican pesos, U.S. dollars and euros and (v) increased competition in our domestic market and abroad. See "Risk Factors."

Trend Information

During 2009, the world economy continued to experience the financial and economic crisis which began in the second half of 2008 affecting industrial sectors such as the construction and automotive sectors that are very important to us. Its effects were reflected in high unemployment rate growth, credit scarcity, and reduced demand from the construction and automotive industries in Mexico, the United States and Spain, where Vitro has a strong presence. Even though the economy has shown moderate signs of recovery in 2010, some of our markets, including the construction sectors of the United States and Spain, are still experiencing contraction and excess capacity.

Developments in the Glass Containers Business

Results for 2009 were affected by the continuing financial and economic crisis, which led to a prolonged and deep contraction in our markets.

In December 2008, Grupo Modelo, one of the key customers in our Glass Containers business, notified us that, due to the current world market contraction, it would significantly reduce its beer bottle orders from us. Based on our consolidated sales for 2008, the volume reduction impact on our annual consolidated sales for 2009 was approximately 6.45%, measured in Mexican pesos.

The Glass Containers business unit's sales volumes declined in 2009, primarily because of a decline in demand in the beer sector, as mentioned above, and the other sectors targeted by the Glass Containers business. This changed market condition required capacity adjustments in order to meet the lower demand levels. In addition, we implemented a cost and expense reduction program, which included workforce adjustments due to lower capacity utilization, cancellation of airplane leasing contracts, divestiture of non–productive assets and the elimination of non–strategic services.

Going forward, we expect increased competition in the domestic glass container market. As a result of the market contraction in 2009, we believe that there will continue to be overcapacity, which may continue to affect market dynamics and lead to further price erosion.

Developments in the Flat Glass Business

The global economic meltdown had a significant impact on diverse markets, including the construction and automotive industries, which had a materially negative effect on our business results.

The Flat Glass business unit's consolidated net sales for 2009 contracted by 13.7%, measured in Mexican pesos, compared to 2008, as mentioned in "—Year Ended December 31, 2009 Compared to Year Ended December 31, 2008—Flat Glass Business Unit" below, mainly due to the fact that the markets we serve entered into a recession at the end of 2008.

The construction and automotive sectors that we serve were affected by a decrease in sales caused by a severe drop in U.S. automotive demand, a reduction of exports to the United States and the contraction in the U.S., Spanish and Mexican real estate market. Sales from our U.S. subsidiary also faced one of its sharpest contractions in recent history.

Vitro's subsidiaries in Spain, Portugal and France were also impacted by the challenging global economic environment. Spain, where the largest portion of Vitro's regional facilities are located, showed a sharp contraction in its markets caused by the bursting of the real estate bubble, which will continue to negatively impact the Company going forward. Verres et Glaces d'Epinay, our French subsidiary, commenced a bankruptcy proceeding in France and will be subject to liquidation in the near future.

In the case of the automotive glass market, the general industry collapse was compounded by the weak financial situation of some of the large automotive original equipment manufacturing companies, who resorted to federal aid in order to mitigate their severe financial problems. The Flat Glass business unit took the necessary measures to minimize the effect, adjusting production capacity to reduced demand and, in doing so, continued to serve the needs of its customers at competitive prices. Management made significant adjustments to Vitro's cost structure at all facilities, in Mexico as well as abroad, in order to adapt to the changed market environment.

Going forward, we expect our Flat Glass business unit to partially stabilize. Our OEM segment is showing signs of recovery in 2010 due to increased auto sales in the United States and Mexico. We expect our construction segment in Mexico to remain stable. However, the future for the construction market in the United States, Spain, France and Portugal remains uncertain. Recently, our operations in the flat glass manufacturing and processing facilities were impacted by rain and flooding from Hurricane Alex, resulting in damage that we expect will be covered by insurance, less applicable deductibles, which we expect will impact our results of operations. See "Summary—Recent Developments—Temporary Suspension of Operations at Manufacturing Facilities in García, Nuevo León."

Natural Gas Prices and Related Derivative Financial Instruments

Our cost of goods sold is highly correlated to the prices of our raw materials, particularly natural gas. For the year ended December 31, 2009, the natural gas price decreased 28% to $4.40 per MMBTU when compared to its closing price of $6.07 per MMBTU for the year ended December 31, 2008. During the first six months of the current year, the average price of natural gas increased 22% from $3.71 to $4.54 per MMBTU for the six-month period ended June 30, 2009 compared to the same period of 2010.

Historically, we have not been able to raise the prices of our products to fully reflect the increases in our operating costs that result from increases in the price of natural gas, thereby adversely affecting our results of operations.

We have historically entered into swaps and other DFIs in the ordinary course of our business to hedge our exposure to natural gas price increases. This strategy is susceptible to the risk that a decrease in natural gas prices could have an adverse effect on the fair market value of the DFIs, resulting in related losses reflected in our comprehensive financial results. While a material decline in natural gas prices would have the beneficial impact of substantially reducing our cost of goods sold, such benefits would be realized over a period of time, whereas the

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adverse effect in the value of the DFIs is recorded immediately in our financial result as a result of mark–to–market accounting rules.

As of June 30, 2010, we had open DFI hedges with Pemex for approximately 32% of our estimated natural gas consumption for the remainder of the year at an average price of approximately $6.80 per MMBTU for 2010, and approximately 19% of our estimated natural gas consumption at an average price of approximately $7.32 per MMBTU for 2011. As of June 30, 2010, our open DFIs with Pemex had a mark–to–market liability value of approximately $13.8 million. In addition, under our remaining DFIs, we are obligated to make monthly settlement payments until December 2011 to the extent the market price on the monthly settlement date of natural gas is below the exercise price set forth in the agreement. For the first six months of 2010, we made aggregate monthly settlement payments of approximately Ps. 113 million ($8.9 million).

The Company performed a sensitivity analysis to determine its exposure to market risks for derivative financial instruments held as of December 31, 2009. The sensitivity analysis applied valuation models fully accepted for these types of instruments and took into consideration changes in the underlying value that imply variances of 10% of the reference price. The additional variances affecting the valuation model such as interest rate and exchange rates, for purposes of the analysis, were deemed constant. Before an adverse change of 10% in the reference price, the fair value of the position of the Company's derivative financial instruments would be affected by approximately $5 million.

Because of our financial condition, we are currently unable to enter into significant additional hedging transactions to minimize our exposure to further increases or decreases in the price of natural gas, and were we able to enter into such transactions, we could not assure you they would be on favorable terms. Therefore, substantial increases in the price of natural gas may cause us to realize significant losses in our results of operations and relative stability and, alternatively, further decreases in the price of natural gas may cause us to realize losses in our comprehensive financial results.

Economic Developments in Mexico, the United States and Europe Affecting Our Business

A substantial portion of our operations are in Mexico and a substantial majority of our consolidated net sales are made in Mexico, the United States and Europe. Therefore, economic conditions in Mexico, the United States and Europe have a significant effect on our business, results of operations and financial position.

2008 was considered a year of unprecedented events in modern times as it left a financial system in crisis. In 2009, the world economy decelerated abruptly and some national economies actually collapsed. World GDP decreased by 2.2% in 2009 according to International Monetary Fund statistics. The global economic deceleration had its roots in the U.S. economy, which contracted at a rate of 2.4% in 2009 compared to GDP growth rate of 0.4% in 2008. The sub–prime mortgage crisis that started in the U.S. in mid–2008 and moved into the financial markets affected the availability of credit in a manner that hurt many other sectors of the economy, including industrial sectors such as the construction and automotive sectors that are very important to us.

In 2009, Mexico's GDP registered a contraction rate of 6.5%. In 2008, Mexico's GDP registered a growth rate of 1.3%, a lower figure than the GDP growth rate of 3.3% reported for 2007. For 2010, we expect the country to continue confronting difficulties due to a slower–than–expected recovery of the U.S. economy, one of our principal commercial markets, and an instability shown in the European Union markets that significantly affects the Spanish market.

Most of our manufacturing facilities are located in Mexico. Our consolidated net sales resulting from sales to parties located within Mexico were 42%, 44% and 46% for each of the years ended December 31, 2007, 2008 and 2009, respectively.

Although the Mexican government's continued fiscal and monetary policy helps the country maintain low levels of inflation and a manageable deficit, it does not provide the flexibility necessary to support Mexico's economic improvement. As a result, new investment and growth in aggregate purchasing power have been marginal. Several factors could affect the growth of Mexico's economy and its industrial sector in particular. These factors include (i) the extent of the U.S. economic recovery and the participation of Mexico's industrial sector in that

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recovery and (ii) the Mexican government's approval and implementation of fiscal and other structural reforms, such as the evolution of energy prices, particularly natural gas.

Inflation and Foreign Currency Exchange Rate Fluctuations

The following table sets forth, for the periods presented, certain information relating to inflation and foreign currency exchange rates:

	For the Year Ended December 31,			For the Six–Month Period Ended June 30,	
	2007	2008	2009	2009	2010
Nominal Mexican peso devaluation relative to the U.S. dollar(1)	0.5%	27.3%	(5.6%)	(4.6%)	(3.1%)
Nominal dollar devaluation relative to the euro	11.2%	(5.2%)	3.5%	7.7%	(18.2%)
Mexican inflation (based on changes in INPC)(1)	3.8%	6.5%	3.6%	1.3%	1.4%
Free Exchange Rate as of year end(1)	Ps.10.8662	Ps.13.8325	Ps.13.0587	Ps.13.2023	Ps.12.6567
Mexican GDP growth rate(2)	3.3%	1.3%	(6.5%)		
Exchange rate of euro per Mexican peso as of year end(3)	Ps.15.9526	Ps19.2534	Ps.19.5789	Ps.18.6561	Ps.15.5234
Exchange rate of dollar per euro as of year end (3)	$ 1.4680	$ 1.3918	$ 1.4992	$ 1.4130	$ 1.2264

(1) Source: Banco de México.

(2) Source: *Instituto Nacional de Estadística, Geografía e Informática* (National Institute of Statistics, Geography and Information).

(3) Source: Federal Reserve Bank of New York—Noon Buying Rates as to euro–to–dollar exchange rate and Banco de México as to U.S. dollar–to–Mexican peso exchange rate.

Effects of Inflation and Foreign Currency Exchange Rate Fluctuations on Operating Margins

Changes in the value of the Mexican peso to the U.S. dollar have an effect on our results of operations. In general, as described more fully in the following paragraphs, a devaluation of the Mexican peso will likely result in an increase in our operating margins and an appreciation of the Mexican peso will likely result in a decrease in our operating margins, in each case measured in Mexican pesos. This is because the aggregate amount of our consolidated net sales denominated in or affected by U.S. dollars exceeds the aggregate amount of our cost of goods sold and our selling, general and administrative expenses denominated in or affected by U.S. dollars.

A substantial portion of the sales generated by our Mexican subsidiaries and the total sales of our U.S. subsidiaries are either denominated in or affected by U.S. dollars. The prices of a significant number of the products we sell in Mexico, particularly flat glass products for automotive uses and capital goods, are linked to the U.S. dollar. In addition, substantially all of our export sales are invoiced in U.S. dollars and subsequently translated into Mexican pesos using the exchange rate in effect at the time of the transaction. As a result, when the Mexican peso devaluates against the U.S. dollar, as was the case in 2006, 2007 and 2008, the same level of U.S. dollar sales as in a prior period will result in higher Mexican peso revenues in the more recent period. Conversely, when the Mexican peso appreciates against the U.S. dollar, as was the case in 2005 and 2009, the same level of U.S. dollar sales as in a prior period will result in lower Mexican peso revenues in the more recent period. Moreover, because a material portion of our cost of goods sold, including labor costs and selling, general and administrative expenses, is invoiced in Mexican pesos and is not directly affected by the relative value of the Mexican peso to the U.S. dollar, the appreciation or devaluation of the Mexican peso relative to the U.S. dollar has a significant effect on our operating margins, at least in the short–term.

Further, a strong Mexican peso relative to the U.S. dollar makes the Mexican market more attractive for importers and competitors that might not otherwise sell in the Mexican market. A strong Mexican peso relative to the U.S. dollar also makes our products with prices that are denominated in or affected by U.S. dollars less competitive or profitable. With respect to such products, when the Mexican peso appreciates we must either increase our prices in U.S. dollars, which makes our products less price–competitive, or bear reduced operating margins when measured in Mexican pesos. Given the competitive nature of the industries in which we operate, we

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have chosen to reduce our operating margins for such products in response to appreciation of the Mexican peso relative to the U.S. dollar in the past.

Because of our financial condition, we are currently unable to enter into hedging transactions to mitigate our exposure to fluctuations in foreign currency exchange rates, and were we able to enter into such transactions, we could not assure you they would be on favorable terms.

Effects of Inflation and Foreign Currency Exchange Rate Fluctuations on Total Comprehensive Financing Result

Beginning in 2008, our total comprehensive financing result includes (i) net interest expense, (ii) net effect of changes in nominal foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies and (iii) gains or losses related to hedging transactions. Net interest expense is calculated as the nominal amount of interest expense incurred by us with respect to our short–term and long–term debt, minus the nominal amount of interest income generated by us with respect to our monetary assets.

Our total comprehensive financing result is also impacted by changes in the nominal value of the Mexican peso relative to the U.S. dollar. Foreign currency exchange gains or losses included in total financing cost result primarily from the impact of nominal changes in the U.S. dollar–Mexican peso exchange rate on our Mexican subsidiaries' U.S. dollar–denominated monetary liabilities (such as U.S. dollar–denominated debt and accounts payable arising from imports of raw materials and equipment) and assets (such as U.S. dollar–denominated cash and cash equivalents and accounts receivable from exports). Because historically our U.S. dollar–denominated liabilities have exceeded our U.S. dollar–denominated monetary assets, the devaluation and appreciation of the Mexican peso resulted in exchange losses and gains, respectively. Accordingly, in 2006, 2007 and 2008, the nominal devaluation of the Mexican peso relative to the U.S. dollar resulted in foreign currency exchange losses.

Because of our financial condition, we are currently unable to enter into hedging transactions to mitigate our exposure to fluctuations in foreign currency exchange rates, and were we able to enter into such transactions, we could not assure you they would be on favorable terms.

Effect of Increases in Interest Rates

Interest rate risk exists primarily with respect to our floating–rate Mexican peso and U.S. dollar–denominated debt, which generally bear interest based on the TIIE or LIBOR. If the TIIE or LIBOR increases significantly, our ability to service our debt will be adversely affected.

As of June 30, 2010, our floating–rate Mexican peso and U.S. dollar–denominated debt amounted to Ps. 1,698 million ($134 million) and Ps. 1,597 million ($126 million), respectively. Because of our financial condition, we are currently unable to enter into hedging transactions to mitigate our exposure to either fixed or floating interest rates, and were we able to enter into such transactions, we could not assure you they would be on favorable terms. See "Risk Factors—Risk Factors Relating to Economies in Which We Participate—We may be adversely affected by increases in natural gas prices, interest rates or foreign exchange rate changes that we are unable to mitigate through derivative transactions due to our financial condition."

Government, Economic, Fiscal, Monetary or Political Policies or Factors

For a discussion of government economic, fiscal, monetary or political policies that could materially affect our operations or investments, please refer to "Risk Factors—Risk Factors Relating to Economies in Which We Participate."

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Results of Operations

The following table sets forth, for the periods presented, selected items of our consolidated statements of operations calculated as a percentage of our consolidated net sales.

	For the year ended December 31, 2007	2008	2009
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	70.6	73.3	71.6
Gross profit	29.4	26.7	28.4
General, administrative and selling expenses	19.9	20.8	22.9
Operating income	9.5	5.9	5.5
Total comprehensive financing result	5.8	31.3	9.9
Net income	0.5	(19.6)	(3.1)

The following table sets forth, for the periods presented, the consolidated net sales, export sales and operating income (before corporate and other eliminations) of each of our business units, as well as the contribution to our consolidated results of operations, in percentage terms, of the consolidated net sales, export sales and operating income (after corporate and other eliminations, and reflecting export sales in U.S. dollars) of each of our business units. Peso amounts set forth in the following table are presented in nominal Mexican pesos except that all amounts pertaining to fiscal year 2007 contained in this Statement are restated in constant Mexican pesos as of December 31, 2007, except where otherwise indicated.

	For the year ended December 31, 2007 Amount	2007 % of Total	2008 Amount	2008 % of Total	2009 Amount	2009 % of Total	2009 Amount
	(Ps. millions, except for percentages)						($ millions)(1)
Net sales							
Glass Containers	Ps. 14,676	51%	Ps. 5,524	53%	Ps. 12,452	52%	$ 954
Flat Glass	13,605	48%	13,230	46%	11,453	47%	877
Corporate and other eliminations	310	1%	259	1%	86	1%	7
Consolidated net sales	Ps. 28,591	100%	Ps. 29,013	100%	Ps. 23,991	100%	$ 1,837
	(Ps. millions, except for percentages)						($ millions)(1)
Net sales							
Domestic	Ps. 12,008	42%	Ps. 12,831	44%	Ps. 11,152	46%	$ 854
Exports	6,673	23%	6,547	23%	6,568	28%	503
Foreign Subsidiaries	9,910	35%	9,635	33%	6,271	26%	480
	Ps. 28,591	100%	Ps. 29,013	100%	Ps. 23,991	100%	$ 1,837
	($ millions(2), except for percentages)						
Net sales							
Domestic	$ 1,078	42%	$ 1,157	44%	$ 824	46%	
Exports	601	24%	600	23%	484	28%	
Foreign Subsidiaries	881	34%	870	33%	461	26%	
	$ 2,560	100%	$ 2,627	100%	$ 1,770	100%	
	($ millions(2), except for percentages)						
Export sales							
Glass Containers	$ 364	61%	$ 383	64%	$ 349	72%	
Flat Glass	237	39%	217	36%	136	28%	
Consolidated export sales	$ 601	100%	$ 600	100%	$ 484	100%	
	(Ps. millions, except for percentages)						($ millions)(1)
Operating income (loss)							
Glass Containers	Ps. 2,054	76%	Ps. 1,661	97%	Ps. 1,956	147%	$ 150
Flat Glass	782	29%	186	11%	(591)	(45)%	(45)
Corporate and other eliminations	(132)	(5)%	(137)	(8)%	(36)	(3)%	(4)
Consolidated operating income	Ps. 2,704	100%	Ps. 1,710	100%	Ps. 1,329	100%	$ 101

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(1) These amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of 13.0587 Mexican pesos per U.S. dollar, the Free Exchange Rate on December 31, 2009.

(2) Dollar figures reported herein are in nominal U.S. dollars derived by dividing each month's nominal Mexican pesos by the exchange rate published by Banco de México for such month's end.

Six–Month Period Ended June 30, 2010 Compared to Six–Month Period Ended June 30, 2009

Net Sales

Our consolidated net sales decreased 7.3% from Ps. 12,292 million ($971 million) for the six–month period ended June 30, 2009 to Ps. 11,399 million ($901 million) for the same period of 2010. This decrease was primarily due to price erosion and lower sales volumes in glass containers caused by overall excess capacity, as well as to lower sales volumes from our flat glass subsidiaries located in the United States, Spain and Colombia.

Domestic sales increased 2.4% from Ps. 5,728 million ($453 million) for the six–month period ended June 30, 2009 to Ps. 5,867 million ($464 million) for the same period of 2010. This increase was mainly driven by higher sales volumes in the automotive industry, partially offset by lower volumes in domestic sales for the Glass Containers business unit.

Export sales increased 10.5%, measured in nominal U.S. dollars, from $237 million for the six–month period ended June 30, 2009 to $262 million for the same period of 2010. This increase was mainly due to higher sales volumes in our third–party exports automotive market.

Foreign subsidiaries' sales decreased 25.6%, measured in nominal U.S. dollars, from $234 million in the six–month period ended June 30, 2009 to $174 million for the same period of 2010. This decrease was mainly triggered by lower demand in the construction markets in the United States and Spain. Foreign subsidiaries' sales and export sales each represented 27% of our consolidated net sales for the six–month period ended June 30, 2010.

Glass Containers Business Unit

Consolidated net sales of our Glass Containers business unit decreased 8.9%, measured in Mexican pesos, from Ps. 6,404 million ($506 million) for the six–month period ended June 30, 2009 to Ps. 5,834 million ($461 million) for the same period of 2010. The main driver for this decrease was price erosion and lower sales volumes caused by overall excess capacity, and also by the decrease in volume in the beer bottle segment in the domestic market and the export sales of our beer and our wine and liquor segments.

Export sales decreased 3.3%, measured in nominal U.S. dollars, in the six–month period ended June 30, 2010 compared to the same period of 2009 due to a volume decline in all segments, except in CFT (cosmetics, fragrances and toiletries). Although foreign subsidiaries' sales increased 25% from $4 million for the six–month period ended June 30, 2009 to $5 million for the same period of 2010, such sales represented only 1% of the net sales of the Glass Containers business unit for the six–month period ended June 30, 2010.

Flat Glass Business Unit

Consolidated net sales of our Flat Glass business unit decreased 5.9% from Ps. 5,764 million ($455 million) for the six–month period ended June 30, 2009 to Ps. 5,425 million ($429 million) for the same period of 2010. This decrease resulted from lower sales volumes faced by our foreign subsidiaries, partially offset by a slight recovery in the automotive sector.

Domestic sales increased 22.8% from Ps. 1,787 ($141 million) for the six–month period ended June 30, 2009 to Ps. 2,195 million ($173 million) for the same period of 2010. This increase was mainly driven by a slight recovery in the automotive OEM market and float glass sales volumes. Additionally, during 2009 our Flat Glass

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business unit faced strong pricing pressure from its domestic market competitors, causing the Company to increase its exports to Central and South America, which have lower sales margins.

Export sales increased 56.4%, measured in nominal U.S. dollars, from $55 million for the six–month period ended June 30, 2009 to $86 million for the same period of 2010. This increase was mainly due to higher automotive safety glass sales.

Foreign subsidiaries' sales decreased 26.5%, measured in nominal U.S. dollars, from $230 million for the six–month period ended June 30, 2009 to $169 million for the same period of 2010. This decrease was due to adverse economic conditions that mainly affected the construction markets in the United States and Spain, which are both crucial markets for the Company.

Generally, we realize higher profit margins in our domestic market business and, accordingly, our strategic goal is to direct our production volume to Mexico and adjust export levels to match our remaining production capacity whenever possible.

Operating Income

Our consolidated operating income decreased 2.8% from Ps. 633 million ($50 million) for the six–month period ended June 30, 2009 to Ps. 616 million ($49 million) for the same period of 2010. This decrease was due to the price erosion and the lower volumes that had a negative impact on our fixed cost absorption. All of the above was partially offset by a slight recovery in the automotive industry and by savings related to our cost and expense reduction initiatives implemented in 2008 through the third quarter of 2009. Our operating income was also affected by the increase in natural gas price as the average price increased 22% from $3.71 per MMBTU for the six–month period ended June 30, 2009 compared to $4.54 per MMBTU for the same period of 2010.

Glass Containers Business Unit

Operating income of our Glass Containers business unit decreased 21.8% from Ps. 924 million ($73 million) for the six–month period ended June 30, 2009 to Ps. 722 million ($57 million) for the same period of 2010. This decrease was mainly driven by the lower volumes in the domestic beer market, 22% increase in the average gas price and, as previously mentioned, price erosion due to overcapacity in the markets in which we participate.

Flat Glass Business Unit

Operating loss of our Flat Glass business unit was Ps. 73 million ($6 million) for the six–month period ended June 30, 2010, compared to Ps. 277 million ($22 million) for the same period of 2009. This loss decrease was due to improved sales volumes partially offset by higher energy costs of 22%.

Total Comprehensive Financing Result

Our total comprehensive financing cost increased 4.9% from Ps. 1,039 million ($82 million) for the six–month period ended June 30, 2009 to Ps. 1,090 million ($86 million) for the same period of 2010. This increase was primarily due to lower exchange gain of Ps. 285 million ($23 million) in 2010 compared to a gain of Ps. 774 million ($61 million) in 2009.

Other Expenses (Income), Net

Other expenses (income), net decreased from Ps. 159 million ($13 million) for the six–month period ended June 30, 2009 to Ps. 152 million ($12 million) for the same period of 2010. During the six–month period ended June 30, 2010, the balance included (i) loss from the sale of long–lived assets of Ps. 71 million ($6 million), (ii) severance expense of Ps. 45 million ($4 million) and (iii) workers profit sharing (PTU) of Ps. 8 million ($1 million).

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Income Taxes

On December 7, 2009, amendments to the Regular Income Tax ("ISR") Law of 2009 were published, to become effective beginning in 2010. These amendments state that: (i) ISR relating to tax consolidation benefits obtained from 1999 through 2004 should be paid in installments beginning in 2010 through 2015 and (ii) ISR relating to any tax consolidation benefit obtained in 2005 and thereafter should be paid during the sixth through the tenth year after such benefit was obtained. Payment of ISR in connection with tax consolidation benefits obtained between 1982 (the tax consolidation starting year) and 1998 may be required in those cases provided by law.

Income tax represented an income tax gain of Ps. 152 million ($12 million) for the period ended June 30, 2010 compared to an income tax gain of Ps. 142 million ($11 million) for the same period of 2009. The amount for 2010 represents a deferred income tax gain of Ps. 525 million ($41 million) that was offset by an accrued income tax expense of Ps. 373 million ($29 million), and the amount for 2009 represents a deferred income tax of Ps. 177 million ($14 million) that was offset by an accrued income tax expense of Ps. 35 million ($3 million).

Net Income

For the six–month period ended June 30, 2010, we generated a consolidated net loss of Ps. 459 million ($36 million) compared to a net loss of Ps. 409 million ($32 million) for the same period of 2009. This increase in losses was mainly due to a lower operating income affected by higher energy costs and other expenses and to a lower exchange gain.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Net Sales

Our consolidated net sales decreased 17.3% from Ps. 29,013 million ($2,222 million) for the year ended December 31, 2008 to Ps. 23,991 million ($1,837 million) for the year ended December 31, 2009. On a comparable basis, excluding the sales from Comegua, which was presented as a consolidated subsidiary until November 2008, consolidated net sales decreased 10.7% from Ps. 26,854 million ($2,056 million) for the year ended December 31, 2008 to Ps. 23,991 million ($1,837 million) for the year ended December 31, 2009. The market contraction we experienced in 2009, primarily in the beer containers and automotive markets in the United States as well as the construction markets in the United States and Spain, adversely impacted our sales volume and, consequently, our profit.

Domestic sales declined 13.1%, measured in Mexican pesos, from Ps. 12,831 million ($983 million) for the year ended December 31, 2008 to Ps. 11,152 million ($854 million) for the year ended December 31, 2009. This decrease was mainly due to sales volume declines in the food and beer segments for our Glass Containers business unit attributable to the 2009 economic contraction.

Export sales, which were principally affected by lower sales volumes in the automotive market, decreased 19.3%, measured in nominal U.S. dollars, from $600 million in 2008 to $484 million in 2009.

Foreign subsidiaries' sales decreased 47%, measured in nominal U.S. dollars, from $870 million in 2008 to $461 million in 2009. This decrease was mainly triggered by lower demand in the construction markets in the United States and Spain, as well as the deconsolidation of Comegua in December 2008. Foreign subsidiaries' sales and export sales represented 26% and 28%, respectively, of our consolidated net sales for the year ended December 31, 2009.

Glass Containers Business Unit

Consolidated net sales of our Glass Containers business unit decreased 20% from Ps. 15,484 million ($1,186 million) for the year ended December 31, 2008 to Ps. 12,385 million ($948 million) for the year ended December 31, 2009. The main driver for this sales decrease was a significant decrease in sales volume in the beer

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bottle segment, as well as a sales volume decrease in the food and the wine and liquor domestic markets during 2009, partially offset by an increase in cosmetic segment sales volumes.

Export sales decreased 8.9% year–over–year, measured in nominal U.S. dollars, due to a volume decline in all segments, except in CFT (cosmetics, fragrances and toiletries), from $383 million in 2008 to $349 million in 2009. Foreign subsidiaries' sales decreased 97% year–over–year, measured in nominal U.S. dollars, from $209 million to $6 million. On a comparable basis, excluding Comegua's deconsolidation, foreign subsidiaries' sales decreased 50% year–over–year from $12 million to $6 million, also measured in nominal U.S. dollars.

Flat Glass Business Unit

Consolidated net sales of our Flat Glass business unit were Ps. 11,377 million ($871 million) for the year ended December 31, 2009, a decrease of 13.7%, measured in Mexican pesos, compared to Ps. 13,187 million ($1,010 million) for the year ended December 31, 2008. This result was due to economic conditions and declining demand in the construction and automotive sectors, both affecting our business profit in 2009.

A decrease in domestic sales of 2.7% year–over–year was mainly driven by lower automotive glass sales in both our OEM and AGR markets, as well as by lower flat glass volumes. Additionally, the Float Glass business faced strong pricing pressure from its domestic market competitors, which made the Company apply a price adjustment and redirect part of its sales towards float glass exportation to Central and South America, obtaining lower margins.

Export sales decreased 37.3% year–over–year, measured in nominal U.S. dollars, from $217 million in 2008 to $136 million in 2009. This decrease was affected by lower automotive glass sales though partially offset by higher volumes in flat glass sold to Central and South America.

Foreign subsidiaries' sales decreased 31.3%, measured in nominal U.S. dollars, from $661 million in 2008 to $454 million in 2009. This decrease was due to adverse economic conditions which mainly affected the construction markets in the United States and Spain, which are both crucial markets for the Company.

Generally, we realize higher profit margins in our domestic market business, and, accordingly, whenever possible our strategic goal is to direct our production volume to Mexico and adjust export levels to match our remaining production capacity.

Operating Income

Our consolidated operating income decreased 22.3% from Ps. 1,710 million ($131 million) for the year ended December 31, 2008 to Ps. 1,329 million ($101 million) for the year ended December 31, 2009. This decrease was due to lower volumes that had a negative impact on our fixed cost absorption, which was affected by a decline in the beer market and a significant decline in the automotive and construction markets, as well as to Comegua's deconsolidation in December 2008. All of the above were partially offset by savings related to our cost and expense reduction initiatives, through 2008 and up to the third quarter in 2009. Since the last quarter of 2008, we have adopted a significant and focused cost reduction plan, which includes reducing our workforce, optimizing production capacity in order to maximize utilization and efficiencies, generating savings in the supply chain, packaging and maintenance, canceling aircraft leasing contracts, divesting non–productive assets, and eliminating the outsourcing of non–strategic services, among other things. We estimate that these initiatives, as well as other initiatives aimed at reducing operating costs, reducing corporate expenses and improving efficiency, will result in annual savings of approximately $122 million from the third quarter of 2009 (which is when we completed the full implementation of these initiatives) and onward.

Glass Containers Business Unit

Operating income of our Glass Containers business unit increased 17.8% from Ps. 1,661 million ($127 million) for the year ended December 31, 2008 to Ps. 1,956 million ($150 million) for the year ended December 31, 2009. This increase was mainly driven by lower gas prices that decreased 56% in annual average price from $8.40

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per MMBTU in 2008 to $3.70 per MMBTU in 2009, an increase in cosmetic segment sales volumes that was one of our most profitable segments, and the successful implementation of our cost reduction program.

Flat Glass Business Unit

Operating loss of our Flat Glass business unit was Ps. 591 million ($45 million) for the year ended December 31, 2009, compared to an operating income of Ps. 186 million ($14 million) for the year ended December 31, 2008. This increased loss was due to higher energy and raw materials costs coupled with lower production volumes and the corresponding lower fixed cost absorption, which resulted from the sluggish construction and automotive markets in Mexico, the U.S. and Spain.

Total Comprehensive Financing Result

Our total comprehensive financing cost decreased 74% from Ps. 9,077 million ($695 million) for the year ended December 31, 2008 to Ps. 2,366 million ($181 million) for the year ended December 31, 2009. This decrease was primarily due to the change of the value claimed by our Counterparties in the DFI Claims from a loss of Ps. 3,766 million ($288 million) for the year ended December 31, 2008 to a loss of $570 million ($44 million) for the year ended December 31, 2009; and from a non–cash foreign exchange loss of Ps. 3,222 million ($247 million) for the year ended December 31, 2008 to a gain of Ps. 976 million ($75 million) during the year ended December 31, 2009, as a result of an appreciation of the Mexican peso during the year ended December 31, 2009 compared to a depreciation in 2008.

Other Expenses (Income), Net

Other expenses (income), net decreased from a loss of Ps. 495 million ($38 million) for the year ended December 31, 2008 to a loss of Ps. 291 million ($22 million) for the year ended December 31, 2009. This decrease was mainly due to (i) a gain from the sale of long–lived assets of Ps. 209 million ($16 million) in 2009 compared to a gain of Ps. 3 million ($0.2 million) in 2008; (ii) fees and costs related to debt restructuring of Ps. 7 million ($0.5 million) for the year ended December 31, 2009 compared to the absence of these fees in 2008; and (iii) workers profit sharing (PTU) of Ps. 13 million ($1 million) for the year ended December 31, 2009 compared to Ps. 10 million ($0.7 million) in 2008.

Income Taxes

On December 7, 2009, amendments to the ISR Law of 2009 were published, to become effective beginning in 2010; these amendments state that: (a) ISR relating to tax consolidation benefits obtained from 1999 through 2004 should be paid in installments beginning in 2010 through 2015, and (b) ISR relating to any tax consolidation benefit obtained in 2005 and thereafter should be paid during the sixth through the tenth year after the benefit was obtained. Payment of ISR in connection with tax consolidation benefits obtained between 1982 (tax consolidation starting year) and 1998 may be required in those cases provided by law.

Income tax for the year ended December 31, 2009 represented an income tax benefit of Ps. 598 million ($46 million) compared to an income tax benefit of Ps. 2,175 million ($167 million) for the year ended December 31, 2008. The amount for 2009 represents a current benefit of income tax of Ps. 3 million and a deferred income tax gain of Ps. 595 million, and the amount for 2008 represents a current income tax of Ps. 123 million and a deferred income tax gain of Ps. 2,298 million from tax loss carryforwards generated in 2008 by the Company, resulting primarily from foreign exchange losses on our U.S. dollar–denominated debt as well as from payments made for margin calls on our derivative financial instruments. The Company has also recorded deferred tax assets, primarily related to the DFI Claims brought by the Counterparties. Based on our financial projections, we believe we will generate sufficient taxable income in future years to allow us to recover our deferred tax assets up to the amount of the recorded asset.

Net Loss

For the year ended December 31, 2009, we generated a consolidated net loss of Ps. 754 million ($57 million) compared to a net loss of Ps. 5,682 million ($435 million) for the year ended December 31, 2008. This decrease was mainly due to a lower total comprehensive financing result derived from the items previously mentioned.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Net Sales

Our consolidated net sales increased 1.5% from Ps. 28,591 million ($2,067 million) for the year ended December 31, 2007 to Ps. 29,013 million ($2,097 million) for the year ended December 31, 2008. During the year ended December 31, 2008, domestic sales grew 6.9% while foreign subsidiaries' sales and export sales declined 2.8% and 1.9% year–over–year, respectively. The complex international financial situation and severe contractions in the markets we serve adversely impacted the Company's sales volumes in the last quarter of 2008.

Domestic sales increased as a result of an improved product mix at the Glass Containers business unit which compensated a moderate volume drop year–over–year mostly driven by a sharp drop in volumes towards the last quarter of 2008. Export sales decreased from $601 million to $600 million, measured in nominal U.S. dollars. This decrease was mainly due to lower volumes in the last quarter of the year 2008 in the automotive business line at the Flat Glass business unit, partially offset by higher float glass volumes sold in the South and Central American markets. Foreign subsidiaries' sales, measured in nominal U.S. dollars, decreased from $881 million to $870 million. This decrease was mainly due to weakening markets and softening demand at the Flat Glass business unit, specifically in the United States and Spanish construction markets. Measured in nominal U.S. dollars, our export and foreign subsidiaries' sales represented 23% and 33%, respectively, of our consolidated net sales for the year ended December 31, 2008.

Glass Containers Business Unit

Net sales of our Glass Containers business unit increased 5.8% from Ps. 14,639 million ($1,058 million) for the year ended December 31, 2007 to Ps. 15,484 million ($1,119 million) for the year ended December 31, 2008. The main driver of this sales increase was an improved overall product mix in the domestic market. Moreover, the food, beer and soft drinks business lines in the domestic market experienced an increase in volume during the first nine months of 2008 which was offset by an overall volume decline during the last quarter of year 2008 linked to the difficult economic environment. On December 18, 2008, the Company announced that Grupo Modelo, one of the key customers in the Glass Containers business unit, had notified the Company that, due to the current world market contraction, it would significantly reduce its beer bottle orders from us.

Export sales grew 5.1% year–over–year from $365 million to $383 million due to a better product mix at the food, soft drinks and wine and liquor business lines coupled with higher volumes in CFT (cosmetics, fragrances and toiletries) and wine and liquor business lines. Foreign subsidiaries' sales grew 1.6% year–over–year despite the deconsolidation of Comegua starting December 1, 2008. For more information regarding the deconsolidation of Comegua and its effects on our balance sheet and income statement, see "Presentation of Financial Information and Other Information."

Flat Glass Business Unit

Net sales of our Flat Glass business unit were Ps. 13,187 million ($953 million) for the year ended December 31, 2008, a decrease of 3%, compared to Ps. 13,591 million ($983 million) for the year ended December 31, 2007. This result was due to the global economic conditions and declining demand in the construction and automotive sectors at year end, both crucial for the Company.

An increase in domestic sales of 5.7% year–over–year was mainly driven by higher automotive glass sales due to higher volumes in both the OEM and AGR markets for the first nine months of the year, partially offset by a

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reversal in such trend in the last quarter of 2008 in connection with the world market contraction. Float glass volumes in the construction market remained stable year–over–year with a similar downward trend in the last quarter of 2008 although the Company maintained its market share in the Mexican market.

Export sales decreased 8.4% year–over–year, measured in nominal U.S. dollars, from $237 million in 2007 to $217 million in 2008. This decrease was mainly due to lower automotive glass sales in the OEM and AGR markets, which were partially offset by higher float glass volumes sold to the Central and South American markets. This decrease in the AGR market is in line with the Company's strategy to focus on the domestic market. In May 2009, we decided to sell the inventory which was dedicated to serve the AGR distribution market in the United States, including windshields and side and back windows for American and foreign cars and trucks; therefore, since that date, we are no longer participating in the AGR distribution market, but remain in the retail and installation segment. We also consolidated operations and closed six distribution centers and ten installation centers.

Generally, we realize higher profit margins in our domestic market business, and, accordingly, whenever possible our strategic goal is to direct our production volume to Mexico and adjust export levels to match our remaining production capacity.

Therefore, our export sales correlate to our available capacity, mainly in our Flat Glass business unit, including both its float and automotive businesses. In 2006, we decided to decrease our export AGR sales in the automotive business when our OEM market sales increased. Specifically, export prices as well as rising energy and freight costs in 2006 significantly impacted the profitability of our export business, causing us to decide to temporarily exit the export market by shutting down a flat glass manufacturing furnace in Mexico City, which reduced our export capacity.

In 2007, however, we increased exports within both the float and automotive businesses. In the automotive business, we had less OEM volume and thus increased our AGR export sales. In the float business, we acquired a 50% share of the Mexicali flat glass facility from our previous joint venture partner AFG, which also gave us additional capacity dedicated to our export business. Going forward, we will continue to adjust our export sales depending on domestic growth rates and capacity utilizations.

Measured in nominal U.S. dollars, sales from foreign subsidiaries decreased 2.4% year–over–year from $677 million to $661 million. Sales at Vitro Cristalglass decreased 4% as a result of a weakening construction market and softening demand. Sales at Vitro America were adversely affected by the slowdown in demand from the U.S. residential construction market and in the commercial construction market due to the difficult economic environment, which was partially offset by a 2% increase in sales at Vitro Colombia due to increased volumes associated with regional demand.

Operating Income

Our consolidated operating income decreased 36.8% from Ps. 2,704 million ($195 million) for the year ended December 31, 2007 to Ps. 1,710 million ($124 million) for the year ended December 31, 2008. This decrease was due to higher energy and raw materials costs and the transfer of a plant in Mexico City to Toluca, as well as to lower volumes that had a negative impact on our fixed cost absorption. All of the above was partially offset by a better product mix in the domestic glass container market and by savings related to our cost and expense reduction initiatives. In 2008, our implemented cost and expense reduction initiatives saved $40 million. These savings relate primarily to production capacity optimization to maximize utilization and efficiency; supply chain, packaging and maintenance savings; a reduction in our workforce; and cost–cutting measures at the corporate level including cancellation of two airplane leasing contracts and limitations on employee and executive committee business travel.

Glass Containers Business Unit

Operating income of our Glass Containers business unit decreased 19.1% from Ps. 2,054 million ($148 million) for the year ended December 31, 2007 to Ps. 1,661 million ($120 million) for the year ended December 31, 2008. This decrease was driven by lower production volumes and their impact on fixed cost absorption, higher energy and raw materials costs and the costs associated with the transfer of a plant in Mexico City

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to Toluca. We believe these factors were partially offset by better production efficiencies, a better product mix in the domestic market, and the continued cost reduction initiatives. Our improved production efficiencies include (i) increases in our production speed, (ii) improvements in waste management, and (iii) the use of lighter weight products. In 2007 these improved production efficiencies helped to improve our operating income by 14.9%; however, due to the various factors negatively affecting our financial condition in 2008, we were unable to estimate the benefits of these efficiency improvements on our net income in 2008.

Flat Glass Business Unit

Operating income of our Flat Glass business unit was Ps. 186 million ($13 million) for the year ended December 31, 2008, a decrease of 76.2%, compared to Ps. 782 million ($57 million) for the year ended December 31, 2007. This decrease was due to higher energy and raw materials costs coupled with lower production volumes and the corresponding lower fixed cost absorption — resulting from the sluggish construction and automotive markets.

Total Comprehensive Financing Result

Our total comprehensive financing expense increased 446.8% from Ps. 1,660 million ($120 million) for the year ended December 31, 2007 to Ps. 9,077 million ($656 million) for the year ended December 31, 2008. This increase was primarily due to the change of the value claimed by our Counterparties in the DFI Claims from a loss of Ps. 201 million ($15 million) for the year ended December 31, 2007 to a loss of Ps. 3,766 million ($272 million) for the year ended December 31, 2008, and to an increase in non–cash foreign exchange loss from Ps. 94 million ($7 million) in the year ended December 31, 2007 to Ps. 3,222 million ($233 million) during the year ended December 31, 2008, as a result of a higher depreciation of the Mexican peso during the year ended December 31, 2008, and the elimination of the monetary position at the beginning of year ended December 31, 2008 due to the new Mexican Financial Reporting Standards. Derivative instruments losses for the year ended December 31, 2008 were comprised mainly of losses in natural gas price DFIs of approximately Ps. 2,432 million ($176 million) due to decreases in the natural gas prices during the final months of 2008, and of losses in foreign exchange rate DFIs of approximately Ps. 1,578 million ($114 million) due to the high volatility that the markets experienced in the final months of 2008 that resulted in a sharp increase in Mexican peso/U.S. dollar foreign exchange rates, partially offset by gains in interest rate DFIs of approximately Ps. 59 million ($4 million) due to decreases in the TIIE.

Other Expenses (Income), Net

Other expenses (income), net decreased by Ps. 374 million ($27 million) from a loss of Ps. 869 million ($63 million) for the year ended December 31, 2007 to a loss of Ps. 495 million ($36 million) for the year ended December 31, 2008. This decrease was mainly due to (i) an absence of fees and costs related to debt restructuring for the year ended December 31, 2008 compared to Ps. 488 million ($35 million) incurred for the extinguishment of debt associated with our debt restructuring completed during 2007; (ii) a gain from the sale of long–lived assets of Ps. 3 million ($0.2 million) in 2008 compared to a loss of Ps. 47 million ($3 million) in 2007; and (iii) workers profit sharing (PTU) of Ps. 10 million ($0.7 million) during the year ended December 31, 2008 compared to Ps. 54 million ($3.9 million) during the year ended December 31, 2007.

Income Taxes

Income tax for the year ended December 31, 2008 represented an income tax benefit of Ps. 2,175 million ($157 million) compared to an expense of Ps. 44 million ($3 million) for the year ended December 31, 2007. In 2008 the Company generated tax loss carryforwards resulting primarily from foreign exchange losses on our U.S. dollar–denominated debt as well as from payments made for margin calls on our derivative financial instruments. The Company has also recorded deferred tax assets, primarily related to the derivative liability claimed by our Counterparties. Based on our financial projections, we believe we will generate sufficient taxable income in future years to allow us to recover our deferred tax assets up to the amount of the recorded asset.

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Net Income

For the year ended December 31, 2008, we generated a consolidated net loss of Ps. 5,682 million ($411 million) compared to a net income of Ps. 131 million ($9 million) for the year ended December 31, 2007. This increased loss was mainly due to a higher total comprehensive financing result derived from the change of the value claimed by our Counterparties in our derivative instrument transactions. Such losses were partially offset by income tax benefits and lower levels of other expenses.

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LIQUIDITY AND CAPITAL RESOURCES

Our net interest expense on debt for the year ended December 31, 2009 was Ps. 2,772 million ($212 million) and our total comprehensive financing cost was Ps. 2,366 million ($181 million), while our operating income was Ps. 1,329 million ($101 million). As of December 31, 2009, our total consolidated indebtedness was Ps. 20,101 million ($1,540 million), of which Ps. 18,197 million ($1,393 million) is short–term debt. As of December 31, 2009 and June 30, 2010, our unrestricted cash and cash equivalent balances were Ps. 2,616 million ($200 million) and Ps. 2,203 million ($174 million), respectively.

We are in default under our indentures and other financial instruments, and our future is dependent upon our ability to restructure our debt and other financial instruments. Given the amount of such obligations and the level of our cash and operating income, we do not currently have sufficient liquidity to service our debt.

In order to generate liquidity to continue as a going concern, we must restructure our obligations under our indentures and other financial instruments, which will involve a significant reduction of the claims of the Holders of the Old Notes and other financial instruments, resulting in a significant decrease of our debt and interest expenses. If we are able to enter into consensual arrangements with our financial creditors, as part of that process we would make filings under Mexican and U.S. bankruptcy laws to accomplish a reorganization of our debt. If we are unable to enter into consensual arrangements with our financial creditors, we could be forced to seek relief through filings under Mexican and U.S. bankruptcy laws, which could force us to operate in uncertain circumstances for a period of time, which could materially adversely affect the relationships between us and our customers, suppliers and employees, and may result in a liquidation of the Company. See "Risk Factors—Risk Factors Relating to the *Concurso* Plan" and "Risk Factors—Risks Factors Relating to Our Business—We have insufficient liquidity to repay our existing obligations and meet our capital requirements."

As part of the measures we have adopted to improve our financial position and preserve liquidity, we have adopted a significant and focused cost reduction plan, which includes reducing our workforce, optimizing production capacity in order to maximize utilization and efficiencies, generating savings in the supply chain, packaging and maintenance, canceling aircraft leasing contracts, divesting non–productive assets and eliminating the outsourcing of non–strategic services, among other things. We estimate that these initiatives, as well as other initiatives aimed at reducing operating costs, reducing corporate expenses and improving efficiency, will result in annual savings of approximately $122 million from the third quarter of 2009 (which is when we completed the full implementation of these initiatives) and onward.

Our ability to continue operations while we restructure our business also depends on our ability to achieve financing on reasonable terms. For a discussion of our recent financing activity, see "—Liquidity in 2010" below.

Liquidity in 2010

In order to improve our liquidity in 2010, we implemented the following actions:

- *Fintech Sale and Leaseback Transaction.* In December 2009, we completed a $75 million transaction with Fintech Advisory Limited, an affiliate of Fintech ("Fintech Advisory"), through the creation of a Mexican trust (the "Real Estate Trust"). Vitro and its subsidiaries, Comercializadora Álcali, S.A. de C.V. ("Álcali"), Vidriera Guadalajara, S.A. de C.V., Vidriera Monterrey, S.A. de C.V., Vidriera Querétaro, S.A. de C.V., Vidriera Los Reyes, S.A. de C.V. and Vidriera Toluca, S.A. de C.V. contributed seven real estate assets (industrial land) to the Real Estate Trust, receiving $75 million in cash contributed by Fintech Advisory to acquire these assets. We entered into a 15 year lease agreement that allows the Company to continue using the assets. The Company has the right to repurchase the title to these real estate assets in exchange for $126 million in cash in certain circumstances. If we default on a payment under the lease agreement or if certain other specified events were to occur, Fintech Advisory will have the right to sell such assets to third parties (assuming we have not already repurchased the assets), with the exception of certain parties such as competitors or creditors. If Fintech exercises its right to sell or lease the real estate assets, this could adversely affect our business. Additionally, subject to the execution of a restructuring plan or agreement for the

restructuring of substantially all of our financial indebtedness and the satisfaction of certain other conditions precedent, Fintech may exercise one of two options obtained on the same date to exchange the rights over the Real Estate Trust for shares of the Company and/or a sub–holding subsidiary's common shares. The option related to the common shares of the Company, if exercised, would be for up to a maximum of 93,099,849 shares that in the aggregate are currently held by the Company's Pension and Stock Option Trusts (described herein), valued in accordance with the relevant valuation formula set forth in the option agreement and would leave Fintech with up to a maximum equity stake in the Company of approximately 24%. If those common shares are not sufficient to satisfy the $75 million option purchase, the remainder of the purchase option would be fulfilled with the delivery to Fintech of the necessary shares of the sub–holding subsidiary valued in accordance with the relevant valuation formula set forth in the option agreement. Alternatively, Fintech may elect to exercise the second option, over certain shares of the sub–holding subsidiary exclusively. Only one of the two options may be exercised. Fintech's equity options expire three years after a restructuring plan or agreement for the restructuring of substantially all of our financial indebtedness is executed. The Company has the option to repurchase the sub–holding subsidiary's shares during the three years following Fintech's exercise of either option. In the event that Fintech exercises the option related to the Company's common shares, a shareholders agreement among Fintech and the Company's controlling shareholders will come into effect and would continue to be in effect as long as Fintech holds at least a 5% ownership in Vitro. Pursuant to the terms of such shareholders agreement, among other things, subject to certain limitations and qualifications, Fintech specifically agreed to vote with Mr. Adrian Sada Gonzalez, Ms. Esther Cueva de Sada, Ms. Maria Alejandra Sada Gonzalez and Mr. Adrian Sada Cueva, and the consent of such persons (including Fintech) will be required with respect to certain fundamental actions and voting matters affecting the Company. Moreover, under the shareholders agreement, Fintech and the other shareholders party thereto will be subject to certain transfer restrictions, in each case customary for a significant shareholder of a Company like ours.

- *Refinancing of Flat Glass Accounts Receivable Financing Program.* In December 2009, we refinanced our Flat Glass accounts receivable program originally due August 22, 2010. The original $21.5 million private issuance was replaced with a new issuance of Ps. 300 million ($24 million) with a five–year maturity.

- *Sale of Float Glass Inventory in Mexico.* In March 2010, we refinanced a transaction involving the sale of some of our float glass inventory for approximately Ps. 250 million ($20 million) for an additional year.

- *Covisa / Álcali Securitization Refinancing.* In April 2010, we refinanced the senior Ps. 550 million ($43 million) variable rate TIIE+ 4% bond of our subsidiaries Covisa and Álcali for an additional two years. The remaining $10 million balance of the subordinated notes was repaid.

- *Renewal of Vitro America's Credit Lines.* In June 2010, we renewed $32.5 million of Vitro America's credit lines with Bank of America for an additional year.

- *Refinancing of Credit Lines in Spain.* In August 2010, we refinanced 44.8 million euros of credit lines of Vitro Cristalglass, our subsidiary in Spain. We have reached agreements to extend these credit lines for three years.

Principal Sources and Uses of Cash

Our policy is to invest available cash in short–term instruments issued by Mexican and international banks and in securities issued by the governments of Mexico and the United States.

Over the past three years, the principal source of our liquidity has generally been cash generated from operations in each of our business units, debt issuances and the sale of certain assets. Our principal uses of cash have generally been for capital expenditure programs, interest payments, debt repayment and dividend payments.

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The following is a summary of the principal sources and uses of cash for the three years ended December 31, 2009. Financial data expressed in Mexican pesos and set forth in the following table for 2008 and 2009 are presented in nominal Mexican pesos and for all amounts pertaining to fiscal year 2007 are restated in constant Mexican pesos as of December 31, 2007, except where otherwise indicated.

	For the Year Ended December 31,		
	2007	2008	2009
	(in millions of Mexican pesos)		
Sources:			
Net resources generated by operating activities (2007) and cash flows generated from operating activities (2008 and 2009)	Ps. 1,674	Ps. 2,736	Ps. 3,966
Sale of assets	109	20	1,410
Debt issuance	16,891	3,034	1,559
Uses:			
Interest payments	2,341	2,044	943
Capital expenditures	2,695	1,798	1,009
Debt repayments	14,323	1,020	2,483
Dividends declared and paid	215	274	14

Changes in Working Capital

Our working capital decreased Ps. 1,714 million ($131 million) during the year ended December 31, 2009. This decrease was principally attributable to lower activity due to market conditions. Our working capital is insufficient for our present and future operational requirements. For a further discussion of our liquidity, see "Risk Factors—Risk Factors Relating to Our Business—We have insufficient liquidity to repay our existing obligations and meet our capital requirements."

Capital Expenditures

We operate in capital–intensive industries and require ongoing investments to update our assets and technology. In prior years, funds for those investments and for working capital needs, partnership transactions, acquisitions and dividends have been provided by a combination of cash generated from operations, short–term and long–term debt and, to a lesser extent, divestitures. Our capital expenditures program is currently focused on maintenance of our manufacturing facilities. Our capital expenditures program also contemplates the purchase and maintenance of environmental protection equipment required to meet applicable environmental laws and regulations, as such may be in effect from time to time.

During the year ended December 31, 2009, we paid aggregate capital expenditures of Ps. 1,009 million ($77 million) that primarily consisted of capital expenditures for capacity expansion, relocation of a glass container facility and the purchase of a new furnace for the Company's automotive glass operation.

During 2010, we expect to make capital expenditures of approximately Ps. 1,266 million ($100 million) as follows:

- Our Glass Containers business unit expects to make capital expenditures of Ps. 861 million ($68 million), which will be used: to provide maintenance to certain furnaces and IS machines; for a palletizing center; and for infrastructure in one of our facilities. The remainder will be applied to new product molds.

- Our Flat Glass business unit expects to make capital expenditures of Ps. 405 million ($32 million), which will be used mainly for maintenance of our facilities.

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The capital expenditures are expected to be financed with cash flows generated by our operations and with current cash on hand. Should we be unable to fund the total amount of our capital expenditures with cash flows from operations, we might defer a portion of such expenditures to future periods.

For the year ended December 31, 2009, our Glass Containers business unit accounted for 68% of our capital expenditures, which was primarily used for maintenance to certain of our furnaces and IS machines. The remaining 32% of our capital expenditures for the year ended December 31, 2009 was incurred by the Mexican subsidiaries of our Float Glass business unit and used mainly for maintenance.

For the year ended December 31, 2008, our capital expenditures paid totaled Ps. 1,798 ($131 million). Our Glass Containers business unit accounted for 86% of our capital expenditures, which was primarily used for production capacity expansion in Vidriera Monterrey, the relocation of the Vidriera Mexico operations to the Vidriera Toluca facility and the maintenance of certain furnaces and IS machines in Vidriera Los Reyes and Vidriera Toluca. The remaining 14% of our capital expenditures for the year ended December 31, 2008 was incurred by the Mexican subsidiaries of our Flat Glass business unit and used mainly for the purchase of a new furnace for the Company's automotive glass operations and the remainder used by its foreign subsidiaries.

For the year ended December 31, 2007, our capital expenditures totaled Ps. 2,695 million ($248 million). Our Glass Containers business unit accounted for 86% of our capital expenditures, which was primarily used for the maintenance of certain furnaces, relocation of our Vidriera Mexico operation to the Vidriera Toluca facility and production capacity expansion. The remaining 14% of our capital expenditures for the year ended December 31, 2007 was incurred by our Flat Glass business unit and used mainly for major furnace repairs and production capacity expansion.

Indebtedness

The following table sets forth the aggregate amounts of our outstanding short–term and long–term debt as of June 30, 2010.

As of June 30, 2010, we were in default related to our long–term debt obligations; therefore, substantially all of our long–term debt is now presented as short–term debt. We are currently in payment default under our Old Notes and our *Certificados Bursátiles Vitro 03* and other credit agreements.

	As of June 30, 2010	
	(Ps. millions)	($ millions)(1)
Short–term debt(2)(3)	Ps. 17,557	$1,388
Long–term debt(4)(5)	1,790	141

(1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at a rate of 12.6567 Mexican pesos per U.S. dollar, the Free Exchange Rate on June 30, 2010.

(2) Includes the current portion of our long–term debt, which was Ps. 16,766 million ($1,325 million) as of June 30, 2010.

(3) 96%, 3% and 1% of the aggregate amount of our short–term debt as of June 30, 2010 was denominated in U.S. dollars, Mexican pesos and euros, respectively.

(4) Excludes the current portion of our long–term debt. If the current portion of our long–term debt were included, the aggregate amount of outstanding long–term debt as of June 30, 2010 would be Ps. 18,556 million ($1,466 million).

(5) 27%, 64% and 9% of the aggregate amount of our long–term debt as of June 30, 2010 was denominated in U.S. dollars, Mexican pesos and euros, respectively.

Short–Term Debt—Our short–term debt consists primarily of (i) long–term debt obligations which were reclassified due to defaults and are now presented as short–term obligations, (ii) unsecured and secured borrowing arrangements with Mexican and foreign banks denominated in Mexican pesos, U.S. dollars and euros and (iii) accounts receivable financing programs. We engage, from time to time, in the ordinary course of business, in a number and variety of

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short–term loan arrangements with a number of Mexican and foreign banks. Such loans generally have a maturity ranging from 30 to 365 days and have interest rates ranging from 1.5% to 8% above LIBOR for the U.S. dollar–denominated loans and from 1.10% to 1.25% above Euribor for our euro–denominated loans, and have fixed and floating market rates for the Mexican peso–denominated loans.

Long–term debt reclassified to short–term due to defaults:

Facility	Outstanding Principal Amount as of June 30, 2010	Interest Rate and Payment Dates	Final Amortization/ Maturity
2012 Notes *Issuer:* Vitro	$300 million	*Interest Rate:* 8.625% per annum.	February 1, 2012
Guarantors: Wholly owned subsidiaries of Vitro, Vitro Envases Norteamérica, S.A. de C.V. ("VENA") and Viméxico		*Interest Payment Dates:* August 1 and Semiannually on February 1 of each year.	
2017 Notes *Issuer:* Vitro	$700 million	*Interest Rate:* 9.125% per annum.	
Guarantors: Wholly owned subsidiaries of Vitro, VENA and Viméxico		*Interest Payment Dates:* Semiannually on August 1 and February 1 of each year.	February 1, 2017
2013 Notes *Issuer:* Vitro		*Interest Rate:* 11.75% per annum.	
Guarantors: Wholly owned subsidiaries of Vitro, VENA and Viméxico	$216 million	*Interest Payment Dates:* Semiannually on May 1 and November 1 of each year.	November 1, 2013
Certificados Bursatiles Vitro 03		*Interest Rate*: Cetes + 3.25%	
Issuer: Vitro	Ps. 150 million ($11.9 million)	*Interest Payment Dates*: Every 28th day from October 21, 2004.	February 5, 2009

Long–Term Debt—The following is a brief summary of our significant long–term indebtedness outstanding as of June 30, 2010:

Long–term debt:

Facility	Outstanding Principal Amount as of June 30, 2010	Interest Rate and Payment Dates	Final Amortization/ Maturity
Certificados Bursatiles Vitro 08		*Interest Rate:* TIIE (28 days) + 2.50%	
Issuer: Vitro	Ps. 400 million ($31.6 million)	*Interest Payment Dates:* Every 28th day from July 2, 2008.	April 7, 2011
Bancomext(1)	$68.3 million	*Interest Rate*: Libor (3 months) + 5.00%	April 3, 2011
Issuer: Administración de Inmuebles Vitro		*Interest Payment Dates:* Every 90th day from November 3, 2008.	
Capital Leases	$12.6 million	*Interest rate on case by case basis*	Several installments through 2015
	Ps. 298 million	*Interest Rate:* TIIE + 4%	Several installments

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Facility	Outstanding Principal Amount as of June 30, 2010	Interest Rate and Payment Dates	Final Amortization/ Maturity
Secured debt	($23.5 million)		through 2014
Secured borrowing related to the Glass Containers accounts receivable securitization	Ps. 550 million $(43.5 million)	*Interest Rate:* TIIE + 4%	Several installments through 2012
Secured borrowing related to the Flat Glass accounts receivable financing program	Ps. 300 million ($23.7 million)	*Interest Rate:* TIIE + 4%	Several installments through 2014
Unsecured debt	$30 million	*Interest Rate:* LIBOR + 8%	Several installments through 2014

(1) See "—Indebtedness."

Below is a summary of the terms of the foregoing facilities or securities.

2012 Notes and 2017 Notes. On February 1, 2007 we completed the offering of $1.0 billion of Senior Notes, comprised of $300 million of 2012 Notes and $700 million of 2017 Notes. The 2012 Notes and the 2017 Notes are general unsecured obligations of Vitro. The indenture governing the 2012 Notes and the 2017 Notes contains certain customary restrictive covenants, including, but not limited to, restrictions on the ability of Vitro and certain of its subsidiaries to (i) incur additional indebtedness, (ii) pay dividends and make other restricted payments, (iii) grant certain liens on assets, (iv) make certain investments, (v) engage in transactions with affiliates and (vi) take part in certain merger, consolidation and asset sale activities. The 2012 Notes and the 2017 Notes are guaranteed by VENA and substantially all of its wholly owned subsidiaries and Viméxico and substantially all of its wholly owned subsidiaries.

We are currently in payment default with respect to these notes. See "Summary—Background of the Restructuring—Our Financial Difficulties—Interest and Principal Payment Default on the Old Notes and the Other Debt."

2013 Notes. On October 22, 2003, Vitro completed an offering of $225 million aggregate principal amount of 2013 Notes. The 2013 Notes are general unsecured obligations of Vitro. The indenture governing the 2013 Notes contains certain customary restrictive covenants, including restrictions on the ability of Vitro and certain of its subsidiaries to (i) incur additional indebtedness, (ii) pay dividends and make other restricted payments, (iii) grant certain liens on assets, (iv) make certain investments, (v) engage in transactions with affiliates and (vi) take part in certain merger, consolidation and asset sale activities. Upon issuance of the 2012 Notes and 2017 Notes mentioned above, the holders of the 2013 Notes have been extended the benefit of a guarantee by the subsidiary guarantors substantially similar to the guarantee provided with respect to the 2012 Notes and the 2017 Notes. Part of the 2013 Notes were prepaid in June 2008 and, as of June 30, 2010, the total amount outstanding was $216 million.

We are currently in payment default with respect to these notes. See "Summary—Background of the Restructuring—Our Financial Difficulties—Interest and Principal Payment Default on the Old Notes and the Other Debt."

Certificados Bursátiles Vitro 03. On October 10, 2002, we opened a medium–term notes program under which we were able to issue up to an aggregate principal amount of Ps. 2.5 billion. On February 13, 2003 we issued a *Certificados Bursátiles* note which bears an annual floating interest rate of 3.25% over the 182–day CETES. The *Certificados Bursátiles* are senior unsecured obligations of Vitro and do not impose restrictive covenants on us. As of June 30, 2010, the total amount outstanding for this program was Ps. 150 million ($11.9 million).

We are currently in payment default with respect to this debt. See "Summary—Background of the Restructuring—Our Financial Difficulties—Interest and Principal Payment Default on the Old Notes and the Other Debt."

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Certificados Bursátiles Vitro 08. On July 2, 2008, we opened a medium–term notes program under which we were able to issue up to an aggregate principal amount of Ps. 1.0 billion. On this same date, we issued a *Certificados Bursátiles* note which bears an annual floating interest rate of 2.50% over the 28–day TIIE. The *Certificados Bursátiles* are senior unsecured obligations of Vitro and do not impose restrictive covenants on us. As of June 30, 2010, the total amount outstanding for this program was Ps. 400 million ($31.6 million).

Bancomext. In November 2008, through one of our subsidiaries, we contributed non–productive real estate assets with a book value of Ps. 1,875 million ($136 million), as of December 31, 2009, to a trust created for the sole purpose of selling such assets ("Bancomext Trust") if necessary in order to generate the necessary resources to pay off the principal from an $100 million credit obtained from a financial institution. As of December 31, 2008 and 2009 and June 30, 2010, the proceeds drawn against the loan were $85 million, $68 million and $68 million, respectively. On August 24, 2010, we finalized the sale of non–productive properties, amounting to US $63.8 million. The resources of such sale and $5.5 million were contributed to the trust to pay in full the balance of US $69.3 million to that date and thereby recover the property of our two corporate office buildings, which were part of the assets that were originally provided as collateral for such support.

Flat Glass Accounts Receivable Financing Program. In December 2009, we refinanced our Flat Glass accounts receivable program originally due August 22, 2010. The original $21.5 million private issuance was replaced with a new issuance of Ps. 300 million ($23.7 million) with a five–year maturity. The new issuance bears an annual floating interest rate of 4.0% over the 28–day TIIE.

Covisa / Álcali Securitization. In April 2010, we refinanced the senior Ps. 550 million ($43.5 million) variable rate TIIE+ 4% bond issued by the Trustee of the accounts receivable securitization program of our subsidiaries Covisa and Álcali for an additional two years. The bond bears an annual floating interest rate of 4.0% over the 28–day TIIE. The remaining $10 million balance of the subordinated notes was repaid.

Bladex Credit Facility. In July 2009, we refinanced a $30 million credit with Bladex for five years. The new note has several scheduled amortizations and a final maturity date of July 30, 2014.

Other Restrictions on Dividend Payments

Pursuant to article 20 of the *Ley General de Sociedades Mercantiles* (the "Mexican General Law of Corporations"), 5% of the annual net income of Mexican corporations must be set aside to create or increase a mandatory legal reserve until such reserve amounts to not less than 20% of such corporation's outstanding equity capital. Thereafter, a majority of our shares present at such annual general ordinary shareholders' meeting may allocate all or a portion of the remainder of our net income to a reserve fund for the purchase of our shares or other reserve funds. As of the date of this Statement, our mandatory legal reserve amounted to at least 20% of our outstanding equity capital per the requirement described above.

Certain of the instruments governing our indebtedness, under certain circumstances, restrict our ability to pay dividends. See "—Indebtedness" above.

Share Repurchases and Sales

As of October 14, 2010, the date of our most recent general ordinary shareholders' meeting, 445,500 of our shares are held as treasury stock. In addition, 39,777,907 of our shares are held in the Stock Option Trust are treated as treasury shares for accounting purposes, and under Mexican corporate law are considered issued and outstanding.

Real Estate Matter

In December 2006, Vitro sold real estate located in Mexico City for $100 million, 80% payable on the date of the sale and the remainder payable on the delivery date of the property. As of December 31, 2008, the Company was in compliance with the terms of the contract. In 2009, the Company received a $5 million payment and is still seeking legal remedies for payment of the remaining amount.

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On August 16, 2010, the court absolved the purchaser of the remaining payment claimed. The Company has filed an appeal against the decision, which is pending resolution. The Company and its legal counsel believe it has sufficient evidence to obtain a favorable ruling on this issue.

PBGC Matter

As part of the disposal of Anchor Glass Container Corp. ("Anchor") in August 1996, in a transaction approved by the U.S. Bankruptcy Court, we entered into a term sheet which contemplated an agreement pursuant to which we would provide to the Pension Benefit Guaranty Corporation (the "PBGC"), a United States governmental agency that guarantees pensions, a limited guaranty of Anchor's unfunded pension liability. No payments would be made under such a guaranty unless the PBGC terminated any of the covered pension plans, and the guaranty would be payable only to the extent the PBGC could not otherwise recover the unfunded liabilities from the entity that purchased Anchor's assets, which we refer to as "New Anchor." The amount of the guaranty was originally limited to $70 million. Under the guaranty, payments would not begin until August 1, 2002, and would then generally be payable in equal semiannual installments over the following 10 years. Payments would not bear interest. The amount and the term of the guaranty would be proportionately reduced if the pension plans were terminated after January 31, 2002. Beginning February 2002, the guaranty would be reduced by $7 million semiannually until August 1, 2006, when the guaranty would expire if the plans did not terminate.

On April 15, 2002, New Anchor filed a pre–negotiated plan of reorganization under chapter 11 of the U.S. Bankruptcy Code. On August 8, 2002, an amended plan of reorganization was confirmed, pursuant to which the plan resulting from the merger of the covered pension plans was terminated and the obligations thereunder were assumed by the PBGC in exchange for cash, securities and a commitment of reorganized New Anchor to make certain future payments.

On June 20, 2003, the PBGC wrote to us, asserting that the plan had been terminated effective as of July 31, 2002, with an estimated unfunded liability of $219 million. The PBGC stated that the value of the recovery from New Anchor and reorganized New Anchor amounts to no more than $122.25 million; it alleged that the recovery that it secured in the bankruptcy was insufficient and that an underfunding in excess of our limited guaranty had occurred. Accordingly, in its letter, the PBGC demanded payments pursuant to the term sheet of $7 million on or before August 1, 2003 and of $3.5 million semiannually through August 1, 2011. We intend to contest this liability. There are various issues concerning such demand and certain defenses that may be asserted by us. Management is currently evaluating these issues and defenses. At this point, it is not possible to reasonably estimate the amounts that will ultimately be payable in response to such demand. When management is able to reasonably estimate those amounts, we will establish an appropriate accounting reserve. As of this date, we have not established any reserves in connection with such potential liability.

Energy

Certain of our subsidiaries agreed to purchase, in the aggregate, 90 megawatts of electrical power and 1.3 million tons of steam per year pursuant to a 15–year "take–or–pay" power purchase agreement with Tractebel Energía in which natural gas is a pass through component in the energy price. This contract took effect in October 2000 and the price at which we are required to purchase electrical power and steam is based on variables such as inflation, the Mexican peso/U.S. dollar exchange rate and the price of natural gas, the future value of which is uncertain.

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BUSINESS

Business Overview

Vitro, S.A.B. de C.V. is a corporation with variable capital (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico and is a holding company that conducts substantially all of its operations through subsidiaries. We were incorporated in Mexico in 1909 and, based on our consolidated net sales in 2009, we believe that we are the largest manufacturer of glass containers and flat glass in Mexico. Our principal executive offices are located at Ave. Ricardo Margáin 400, Col. Valle del Campestre, San Pedro Garza García, Nuevo León, 66265 Mexico, telephone number (52−81) 8863−1200.

Our consolidated net sales for the year ended December 31, 2009 totaled Ps. 23,991 million ($1,837 million). In 2009, 46% and 46% of our consolidated net sales were sales made in Mexico and in the United States and Europe, respectively. Our operations are organized into two operating business units: the Glass Containers business unit (representing approximately 52% of our consolidated net sales in 2009) and the Flat Glass business unit (representing approximately 47% of our consolidated net sales in 2009).

As of December 31, 2009, our total assets were Ps. 32,652 million ($2,500 million). We have manufacturing facilities in 11 countries and distribution centers throughout the Americas and Europe and export our products to several countries.

Our Glass Containers business unit manufactures and distributes glass containers for the soft drink, beer, food, juices, wine and liquor, pharmaceutical and cosmetics industries, as well as raw materials, machinery and molds for the glass industry, and, based on its consolidated net sales of Ps. 12,385 million ($948 million) in 2009, we believe the Glass Containers business unit is the largest glass container producer in Mexico and Central America and among the largest in the world. Substantially all of the Glass Containers subsidiaries are wholly owned except for Comegua, our venture with London Overseas and Golden Beer, in which we hold an investment of 49.7%. Covisa, which conducts a substantial majority of our glass containers operations in Mexico, is the only Significant Operating Subsidiary in the Glass Containers business unit.

Our Flat Glass business unit focuses on the manufacturing, processing and distribution of flat glass for the construction and the automotive industries. Based on the Flat Glass business unit's consolidated net sales of Ps. 11,377 million ($871 million) in 2009, we believe the business unit is the largest flat glass producer in Mexico, the second largest in Latin America, one of the largest distributors of flat glass products in the United States and a leading provider of insulated flat glass products in Spain and Portugal.

Viméxico, our 91.8% venture with Pilkington, is a holding company for some of the Flat Glass business unit subsidiaries. Vidrio y Cristal, which manufactures and distributes our raw flat glass products for the Mexican construction industry, is the only Significant Operating Subsidiary in our Flat Glass business unit. In addition to Viméxico, we have partners in three additional subsidiaries: (i) Cristales Automotrices, which conducts our AGR installation business throughout México City, (ii) Vitro Cristalglass, which is engaged in the manufacturing and distribution of flat glass products for the Spanish, French and Portuguese construction industries and (iii) Vitro Chaves, a subsidiary of Vitro Cristalglass.

Acquisitions

In July 2008, Viméxico was notified by its venture partner of its right to exercise the put option related to the sale of its 40% interest in Vitro Cristalglass. The option was officially exercised in August 2008 and beginning in September 2008, our consolidated financial statements present Vitro Cristalglass as a wholly owned subsidiary of Viméxico. The purchase price agreed upon was 27.4 million euros (approximately Ps. 527 million). The difference between the purchase price and the book value resulted in a charge of Ps. 60 million, recorded in majority stockholders' equity. The total amount of the purchase price its being paid throughout 2009 and 2010.

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In April 2008, the Company, through its subsidiary Vitro Cristalglass, completed the acquisition of the operations of Verres et Glaces d'Epinay, a Paris–based value–added flat glass company, for an equivalent of Ps. 41 million ($4 million). The new operations have been incorporated into a new subsidiary, which is now engaged in the production and distribution of value–added glass products to the French residential and commercial construction market. Verres et Glaces d'Epinay commenced a bankruptcy proceeding in France and will be subject to liquidation in the near future.

In August 2007, Vidrio y Cristal acquired 55% of the outstanding shares of Productos de Valor Agregado en Cristal, S.A. de C.V., a company engaged in the installation of value–added glass products, for an equivalent of Ps. 110 million ($10 million).

In July 2007, Viméxico exercised its option to acquire the remaining 50% of the outstanding shares of Vitro AFG (now Vidrio y Cristal del Noroeste, S.A. de C.V.) from its joint venture partner AFG Industries Inc. for Ps. 67 million ($6 million) in cash. This company's primary operations are the manufacture, processing and distribution of flat glass.

Our Operating Business Units

Our organizational structure, comprised of the Glass Containers and Flat Glass business units, allows us to focus on the needs of the distinct end markets we serve, which results in a diversified revenue base, and enables us to take advantage of our expertise in the efficient production and distribution of high quality glass products.

Business Segment Data

The following table sets forth the business segment data for the three years ended December 31, 2009. Financial data expressed in Mexican pesos and set forth in the following table are presented in nominal Mexican pesos except for all amounts pertaining to fiscal year 2007 that are restated in constant Mexican pesos as of December 31, 2007, except where otherwise indicated.

	Glass Containers	Flat Glass	Corporate & Eliminations	Consolidated	$ million
			(Ps. million)		($ million)
2009					
Net sales	Ps. 12,452	Ps. 11,453	Ps. 229	Ps. 24,134	$ 1,848
Intersegment sales	67	76		143	11
Consolidated net sales	12,385	11,377	229	23,991	1,837
Operating income	1,956	(591)	(36)	1,329	101
Total assets	21,878	15,029	(4,255)	32,652	2,500
Capital expenditures(1)	735	264	10	1,009	77
2008					
Net sales	Ps. 15,524	Ps. 13,230	342	Ps. 29,096	$ 2,103
Intersegment sales	40	43		83	6
Consolidated net sales	15,484	13,187	342	29,013	2,097
Operating income	1,661	186	(137)	1,710	124
Total assets	19,723	15,358	693	35,774	2,586
Capital expenditures(1)	1,538	255	5	1,798	130
2007					
Net sales	Ps. 14,676	Ps. 13,605	Ps. 361	Ps. 28,642	$ 2,636
Intersegment sales	37	14		51	5
Consolidated net sales	14,639	13,591	361	28,591	2,631
Operating income	2,054	782	(132)	2,704	249

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	Glass Containers	Flat Glass	Corporate & Eliminations	Consolidated	$ million
			(Ps. million)		($ million)
Total assets	17,803	13,708	2,312	33,823	3,113
Capital expenditures(1)	2,328	324	43	2,695	248

(1) These amounts represent the capital expenditures paid over the period, which differ from the capital expenditures realized for financial matters of Ps. 2,695 million ($248 million) for 2007, Ps. 1,909 million ($138 million) for 2008 and Ps. 638 million ($49 million) for 2009.

The following table sets forth the business segment data as a percentage of consolidated data.

	Glass Containers	Flat Glass	Corporate & Eliminations	Consolidated
2009				
Consolidated net sales	52%	47%	1%	100%
Operating income	147%	(44%)	(3%)	100%
Total assets	67%	46%	(13%)	100%
Capital expenditures	73%	26%	1%	100%
2008				
Consolidated net sales	53%	46%	1%	100%
Operating income	97%	11%	(8%)	100%
Total assets	56%	42%	2%	100%
Capital expenditures	86%	14%	0%	100%
2007				
Consolidated net sales	51%	48%	1%	100%
Operating income	76%	29%	(5%)	100%
Total assets	53%	40%	7%	100%
Capital expenditures	86%	12%	2%	100%

The following factors result in greater operating profit margins in our Glass Containers business as compared to our Flat Glass business:

(a) We hold a significant portion of the non–captive market in Mexico. In 2009, we served approximately 76% of the non–captive market in Mexico. We define a non–captive market to exclude buyers (such as beverage and beer bottlers) that are supplied glass containers by their affiliates. Our production flexibility to service niche markets, as well as our high quality products and manufacturing capacity, offers a strong competitive advantage that makes us the leading supplier of the non–captive market in Mexico.

(b) We believe that significant entry barriers exist for foreign competitors to enter into our domestic market, which is very capital intensive. Based on a 76% non–captive glass container market share, we believe we are the leading glass container producer in Mexico. The glass container industry is very capital intensive, which, added to high freight costs for foreign competitors, results in a significant cost barrier to entry.

(c) Our facilities are located in proximity to our clients' facilities. We operate nine manufacturing facilities strategically located throughout Mexico. The proximity to our clients' facilities allows us to reduce freight costs and conduct a more efficient supply chain with our customers.

(d) We enjoy long–established relationships with many of our customers, some of which have lasted more than 50 years. We have a long–established relationship with The Coca–Cola Company, Herdez McCormick, Nestlé and Grupo Domeq, which have been clients for more than 50 years.

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(e) We have the ability to manufacture short–run orders. We have the ability to supply short–runs of customized, decorated containers. Our high–tech engineering allows us to develop molds in a shorter period of time than industry standards. These factors give us a fast time to market and the ability to develop new customized products in a timely manner for our customers, who, as a result, are willing to pay above–market average prices.

(f) Our sales in the U.S. target niche markets. We believe that we are the largest importer of glass containers into the U.S. as we serve target niche markets, such as the wine and liquor market, the "nostalgia" soft drink market and the cosmetics market.

In addition, in the Flat Glass business, approximately 40% of our sales in the U.S. market is distribution, which customarily provides smaller profit margins. Approximately 29% of the Flat Glass business' sales are in our domestic market, where we continue to experience increased price competition from foreign companies with operations in Mexico, which has further reduced our operating profits. Additionally, exports of float glass, which is a commodity, have low profit margins. The following table sets forth the breakdown of revenue by geographic market for the three years ended December 31, 2009:

	Year ended December 31,		
	2007	2008	2009
		(Ps. million)	
Net sales(1) to customers in:			
Mexico	Ps.12,008	Ps.12,831	Ps.11,152
All foreign countries, mainly the United States and Europe	16,583	16,182	12,839
Consolidated	Ps.28,591	Ps.29,013	Ps.23,991

(1) Net sales are attributed to countries based on the location of the customer.

Consolidated net sales to any single external customer did not exceed more than 8% of Vitro's total consolidated net sales in any year presented.

Glass Containers

Based on the Glass Containers business unit's consolidated net sales of Ps. 12,385 million ($948 million) in 2009, we believe it is the largest glass container producer in Mexico and Central America and among the largest in the world. In 2008, this business unit accounted for 53% of our consolidated net sales. During the same period, 37% of the net sales of the Glass Containers business unit came from exports and 1% came from sales by our foreign subsidiaries that are part of the business unit.

The Glass Containers business unit produces glass containers for the soft drink, beer, food, juices, wine and liquor, pharmaceuticals and cosmetics industries. Its customers include leading companies such as Grupo Arca, Avon, Bacardi, Skyy Spirits, Campbells, Coty, Diageo, Encore Glass, Estee Lauder, Gerber, Grupo Cuervo, Grupo Domecq, Grupo Modelo, Herdez McCormick, Jafra, Jeyes, Jumex, Nestle, Pepsi Cola, Pisa, Procter & Gamble, Sauza, Tamazula and The Coca–Cola Company. In addition, our Glass Containers business unit manufactures and distributes:

- Soda ash, sodium bicarbonate, calcium chloride and salt, which are the main raw materials used in the manufacture of glass products, and also used in the pharmaceutical, food and detergent industries; and

- Capital goods such as glass forming machines and molds.

The Glass Containers business unit operates nine manufacturing facilities in Mexico, three in Central America and one in Bolivia, and has two recycling plants in Mexico. The Glass Containers business unit, which exports to the United States mainly through one of our subsidiaries, has five sales offices, four design centers and one distribution center in the United States.

Flat Glass

The Flat Glass business unit is comprised of two main businesses: Flat Glass manufacturing and distribution and Automotive Safety Glass manufacturing and distribution. Most of our Flat Glass business unit's operations (approximately 66%) are dedicated to the building products industry, while the remainder (approximately 34%) of the unit's operations is concentrated in the automotive industry. In 2009, 29% of our Flat Glass business unit's sales derived from Mexico, 16% derived from exports, and 54% derived from sales by foreign subsidiaries. Sales by our U.S. foreign subsidiaries represented 40% of the Flat Glass business unit's sales.

Based on the Flat Glass business unit's consolidated net sales of Ps. 11,377 million ($871 million) in 2009, we believe the business unit is the largest flat glass producer in Mexico, the second–largest in Latin America, one of the largest distributors of flat glass products in the United States and a leading provider of insulated flat glass products in Spain and Portugal. In 2009, this business unit accounted for 47% of Vitro's consolidated net sales.

In July 2008, Viméxico was notified by its partner of its right to exercise the put option related to the sale of its 40% interest in Vitro Cristalglass. The option was officially exercised in August 2008 and beginning in September 2008, our consolidated financial statements present Vitro Cristalglass as a wholly owned subsidiary of Viméxico. The purchase price agreed upon was 27.4 million euros (approximately Ps. 527 million). The difference between the purchase price and the book value resulted in a charge of Ps. 60 million, recorded in majority stockholders' equity.

In January 2009, a revised payment was agreed upon with the previous partner, extending payment through the 2009–2010 periods, and it was agreed that the purchase of the partnership interest in Vitro Cristalglass would be made through the same company and that subsequently there would be a capital reduction.

In July, 2007, Viméxico exercised its option to acquire 50% of the outstanding shares of Vitro AFG (now Vidrio y Cristal del Noroeste, S.A. de C.V.) from its joint venture partner AFG Industries Inc. for Ps. 67 million ($6 million) in cash. With the termination of this joint venture, Viméxico became the sole owner of this entity, the primary operations of which include the manufacture, processing and distribution of flat glass.

In 2009, our Float Glass manufacturing business represented 15% of our Flat Glass business unit's total sales to third parties. A substantial portion is supplied to the construction industry and to a lesser extent is supplied to the automotive safety glass industry, as well as glass furniture and home appliance manufacturers. We believe we are the leading float glass manufacturing business in Mexico on the basis of sales, with a 45% market share in Mexico as of December 31, 2009. As of December 31, 2009, the Float Glass manufacturing business owned four float glass furnaces, of which one in Mexico City has been shut down since March 2006 (fully written–down for accounting purposes as a result of an impairment charge recorded in 2006).

In 2009, our Automotive Safety Glass manufacturing and distribution business represented 15% of our Flat Glass business unit's total sales, with sales primarily derived from the automotive OEM market in North America. On the basis of volume in pieces, we estimate we are the third–largest automotive safety glass manufacturing and distribution business in North America. We produce the total amount of required float glass used as a raw material for the manufacturing of automotive safety glass internally through Vidrio y Cristal.

Based on the number of molding furnaces the business unit currently operates in Mexico, we believe the Automotive Safety Glass manufacturing and distribution business is also a major manufacturer of safety glass products for the automotive OEM and AGR markets in Mexico. Our Automotive Safety Glass manufacturing and distribution business' customer base includes General Motors, Ford Motor Co., Chrysler, Volkswagen, Nissan and Freightliner.

Our foreign subsidiaries perform a substantial majority of our flat glass operations in the United States and derive 86% of their sales from the distribution and fabrication of construction glass and 14% from the distribution and installation of auto glass. Our foreign subsidiaries in Europe engage in the manufacture and distribution of value–added flat glass products for the Spanish, French and Portuguese construction industries, with specialties in value–added glass products and glass for landmark construction projects. Our foreign subsidiaries also conduct our

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Colombian flat glass operations and are engaged in the manufacture and distribution of flat glass products for the construction and automotive markets.

Through one of our subsidiaries we process, distribute and install flat glass products for the construction and automotive markets in the United States. We operate in 23 states in the United States through six fabrication centers, 14 distribution centers and 82 installation centers. A portion of the glass we process in the United States is produced by the business unit in Mexico, and the balance is purchased from unaffiliated third parties. In 2009, around 50% of our U.S. subsidiary's glass purchases in terms of volume were supplied from our flat glass Mexican subsidiaries.

During 2008, 2009 and the first half of 2010, we consolidated some of our operations in order to increase efficiencies and reduced three fabrication facilities, ten distribution centers and 20 installation centers. In May 2009, we decided to sell the inventory which was dedicated to serve the automotive replacement market, including windshields and side and back windows for American and foreign cars and trucks; therefore, since that date, we are no longer participating in such market.

In Europe, we currently have four processing facilities throughout Spain and one distribution center in Barcelona, Spain, one processing facility in Chaves, Portugal and one in Lisbon, Portugal, and a processing facility in Villetaneuse, France. Verres et Glaces d'Epinay, our French subsidiary, commenced a bankruptcy proceeding in France and will be subject to liquidation in the near future.

Our Products

The following table sets forth our principal products, customers and end–users and sales regions by business line within each of our two business units.

Glass Containers:

Business Line	Products	Customers and End–Users	Sales Regions
Glass Containers	Glass containers	Soft drink, beer, food, juices, wine and liquor, pharmaceutical and cosmetics industries	Mexico, the United States, Canada, the Caribbean, Central and South America, Europe and Asia
Raw Materials	Soda ash, sodium bicarbonate, calcium chloride and salt	Glass manufacturers and detergent producers, pharmaceutical and food producers	Mexico, the United States, Canada, Europe and Central and South America
Machinery and Molds	Glass forming machines, castings for glass molds, machinery parts and electronic controls	Flat Glass business unit, Glass Containers business unit, glass manufacturers and other third–party manufacturers	Mexico, the United States and Central and South America

Flat Glass:

Business Line	Products	Customers and End–Users	Sales Regions
Float Glass	Float glass, architectural tempered safety glass, insulated glass units, laminated, table tops	Construction industry, distributors, retailers and installers, furniture and home appliances manufacturers and Automotive Safety Glass manufacturers	Mexico, the United States, Canada, Europe and Central and South America
Automotive Glass	Windshields, side laminated glass, rear and side tempered glass	Automotive OEMs, AGR market, distributors and installers	Mexico, the United States, Canada and Central and South America

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See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Operating Results—Factors Affecting Our Results of Operations" for a breakdown of our consolidated net sales by business unit.

Our Operations

Glass Containers Business Unit

Our Glass Containers business unit, which accounted for 52% of our consolidated net sales in 2009, manufactures and distributes glass containers for the food, juices, beverage, pharmaceutical and cosmetics industries, as well as raw materials, machinery and molds for the glass industry, and, based on its net sales of Ps. 12,452 million ($954 million) in 2009, we believe the Glass Containers business unit is the largest glass container producer in Mexico and Central America and among the largest in the world.

As of December 31, 2009, our Glass Containers business unit's total assets were Ps. 21,878 million ($1,675 million). The business unit owns nine manufacturing facilities in Mexico, three in Central America and one in Bolivia. In 2009, we believe our Glass Containers business unit's sales represented approximately 76% of the non–captive glass container market in Mexico and approximately 3% of the glass container market in the United States, in each case in terms of units. We define a non–captive market to exclude buyers (such as beverage and beer bottlers) that are supplied with glass containers by their affiliates. In Mexico, the Glass Containers business unit has four design centers, one of which specializes in the cosmetics and pharmaceuticals market.

The Glass Containers business unit has developed both a short–term and long–term strategy as follows.

Short–Term:

Given the current economic conditions coupled with the restructuring process the Company is currently undergoing, this business unit plans to:

(a) Preserve cash to guarantee operations through strict expense controls and non–payment of scheduled interest payments to the extent necessary;

(b) Reduce capital expenditures to a minimum level, mostly oriented toward required maintenance activities;

(c) Continue with the initiatives aimed at reducing costs and expenses; and

(d) Constantly communicate with clients and suppliers to maintain continuous operations.

Long–Term:

Once our economic conditions have improved and the debt restructuring process is finalized, this business unit will continue to:

(a) Focus on current operations to maximize organic growth and to take advantage of future opportunities;

(b) Consolidate its competitive position by defending share and margins in markets in which it operates;

(c) Use its growing position in niche markets and focus on value–added products to enhance profitability;

(d) Continue the promotion of new product development;

(e) Enhance operating efficiencies; and

(f) Maximize cash flow through growth in sales and margins while optimizing the use of capital expenditures and assets.

Among the business unit's key competitive strengths are its productivity, quality levels, wide variety of glass colors and decorative alternatives, versatile production processes and vertical integration with respect to raw materials, machinery and molds. The business unit's high levels of productivity and quality, as well as its ability to rapidly meet changes in demand, allow it to aggressively compete with other container technologies in Mexico and offer value–added products at attractive prices in the United States and other export markets. The versatility and flexibility of the business unit's production processes are reflected in the business unit's ability to offer customers special glass colors and fast turnarounds on small production runs on a cost–efficient basis, as well as decorating and labeling processes, including ultraviolet organic paints, "plastishield," adhered ceramic labels and heat transfer labels. In addition, we believe that the location of the business unit's facilities is a competitive strength that has helped us implement our business strategy. The business unit's capacity to produce cost efficient short runs with a wide variety of colors, shapes and decorations, its innovative designs and its "one–stop shop" concept, which provides its customers with a complete packaging solution, including glass containers, closures, carriers, labels and boxes, also enable it to compete effectively in value–added markets.

Our Glass Containers business unit manufactures glass containers for both high–volume markets and value–added markets. We refer to markets that demand high volumes of standard products at competitive prices as high–volume markets, and we refer to markets that require shorter production runs of highly designed products that involve premium pricing as value–added markets. The business unit's business strategy has emphasized the introduction of products into value–added markets in addition to retaining our market share in the Mexican high–volume markets. The specialty nature of the products sold in value–added markets allows the business unit to have a better price mix, resulting in higher margins.

One of our Glass Containers business unit's competitive advantages is its time to market on the product development cycle for glass containers where we have a response time of three weeks for a prototype, which we believe is shorter than the response time of some of the other world–class producers of glass containers. Similarly, the business unit's technological expertise permits the introduction of new products with innovative customized images in order to meet the design requirements of its customers.

For the production of glass bottles, the Glass Containers business unit utilizes its own technology, some of which has been patented, and technology provided by Owens–Illinois pursuant to a series of technical assistance agreements that began in 1964 and expired in September 1999. We currently have the right to use the technology provided to us by Owens–Illinois under these technical assistance agreements. Our glass container labeling capability includes state–of–the–art technology in organic paints. This process, which is called ultraviolet cure, was developed to further our continuous efforts to grow in high–margin niche markets by providing value–added products. We hold the patent for this type of paint, which is more environmentally friendly than similar products in the market due to its organic nature. We have supplied this type of decoration for several years to customers such as The Coca–Cola Company.

Additionally, we have a contract with Technosoft, which provides software to the design area, and a technical agreement with BDF and Quantum for mold design analysis and manufacturing.

Sales of the Glass Containers business unit in the beer and soft drinks business lines in Mexico are seasonal, with hot weather positively affecting our sales. As a result, second and third quarter sales are typically higher than sales in the first and fourth quarters. Accordingly, the Glass Containers business unit generally builds its inventory of glass containers during the fourth and first quarters in anticipation of seasonal demand.

In Mexico, the business unit has 21 furnaces in six glass container manufacturing facilities, each located near a major customer. We estimate that in 2009 our Glass Containers business unit's manufacturing facilities produced approximately 41% of the glass tonnage melting capacity in Mexico, and that we sold 76% of the glass container units on the Mexican non–captive market in 2009.

In the United States, our Glass Containers business unit's distributor has four design centers, five sales offices and one distribution center, all strategically located to serve its target markets. In 2009, we believe the

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business unit's imports into the United States represented approximately 22% of all sales of imported glass containers in the United States, which would make it the largest glass container importer into the United States in terms of sales.

Mexican Operations

We believe that the Glass Containers business unit is the largest glass container producer in Mexico based on the business unit's net sales in 2009. In 2009 the Glass Containers business unit's sales to the Mexican market were Ps. 7,952 million ($609 million). The Glass Containers business unit produces glass containers, raw materials, machinery and molds at nine manufacturing facilities located throughout Mexico. The business unit's facilities are located in close proximity to major customers, ensuring heightened responsiveness to customer design and production requirements and optimizing transportation costs. Substantially all of the Glass Containers business unit's facilities in Mexico have obtained the Hazard Analysis and Critical Control Points (HACCP) and ISO 9000:2000 certifications. During 2009, the glass facilities were operating at approximately 71% of their capacity. We also own two cullet–processing plants, which supply us with cullet. In the cullet processing plants, scrap or broken glass is gathered for re–melting and mixed with virgin raw materials in order to obtain cost reductions in the production process without affecting the quality of the products. Although there are currently no mandatory recycling laws in Mexico similar to those in force in the United States or in other countries, we conduct campaigns throughout Mexico to collect glass containers.

The Glass Containers business unit's customers include leading companies such as Grupo Arca, Avon, Bacardí, Skyy Spirits, Campbells, Coty, Diageo, Encore Glass, Estee Lauder, Gerber, Grupo Cuervo, Grupo Pedro Domecq, Grupo Modelo, Herdez McCormick, Jafra, Jeyes, Jumex, Nestle, Pepsi Cola, Pisa, Procter & Gamble, Sauza, Tamazula and The Coca–Cola Company. In Mexico, the Glass Containers business unit relies primarily on its own sales and marketing force, utilizing outside sales representatives to service customers with smaller volume demand. The business unit has implemented an online system for sharing information with customers. From their respective offices, the business unit's customers can access product information, place orders, check inventories, trace shipments and consult account statements. Our "one–stop shop" concept, which provides our customers with a complete packaging solution, including containers, closures, carriers, labels and boxes, enables us to compete effectively in value–added markets. We have selectively implemented this concept within Mexico, the United States and Central America.

Exports and U.S. Operations

Total export sales of the Glass Containers business unit, which do not include the sales of our Central and South American operations, amounted to $354 million (nominal U.S. dollars) in 2009. The large majority of the export sales of the business unit are made to the United States, principally through our distribution subsidiary in the United States, which also sources a small amount of the glass containers it sells from third parties. The Glass Containers business unit increased export sales into the United States by offering value–added specialty products, particularly to the cosmetics market and the wine and liquor bottlers in the United States. The business unit also produces special promotional containers for soft drink bottlers in the United States. The exports represented 37% of the Glass Containers business unit's net sales in 2009.

Central and South American Operations

Comegua is a Panamanian holding company that operates manufacturing facilities in Guatemala, Costa Rica, and Panama and supplies glass containers to the soft drink, food, beer and wine and liquor markets throughout Central America and the Caribbean. Beginning on December 1, 2008, our 49.7% investment in Comegua is accounted for under the equity method. Comegua's consolidated net sales for the first eleven months of 2008 were Ps. 2,159 million ($156 million). See "Presentation of Financial Information and Other Information."

We also own 100% of the common stock of a company that owns and operates the only glass container manufacturing facility in Bolivia. Its net sales in 2009 were Ps. 136 million ($10 million). This company distributes glass containers for the soft drinks, food, beer and wine and liquor industries throughout Bolivia, southern Peru and Chile.

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Raw Materials, Machinery and Molds

Our raw materials operations are carried out by one of our subsidiaries. This subsidiary's net sales in 2009 were Ps. 2,009 million ($154 million). Its principal products are soda ash, sodium bicarbonate, calcium chloride and salt for industrial and commercial consumption. Most of its soda ash production, which is used in the manufacture of glass, detergents and tripolyphosphates, is sold to third parties. Our raw materials subsidiary competes in the soda ash sector with the Ansac, a United States exporter of natural soda ash, and maintains a separate sales and marketing force for its products, which are distributed directly to its customers.

Our machinery and molds operations are conducted through one of our subsidiaries which was founded in 1943 to source our needs for molds and machinery for our glass manufacturing operations. It had net sales of Ps. 439 million ($34 million) for the year ended December 31, 2009. It produces state–of–the–art glass–forming machines for our internal use in two facilities, one in Monterrey, Mexico and one in Mexico City. In addition, the subsidiary produces castings of special alloys for glass molds and for different types of machinery and parts for machinery used in the oil industry. It also produces mold equipment for the glass industry and ancillary equipment for the glass, packaging and other industries, as well as electronic controls for machinery operating and process controls for glass–forming machines. Finally, it also manufactures annealing lehrs, which are ovens used to anneal glass, for the float and hollow glass industries. The machinery and molds produced are mainly for our own use. The products of Fama, our subsidiary that manufactures capital goods such as glass forming machines and molds, are mainly sold to us. The subsidiary generally competes with major international manufacturers of machinery and equipment for the glass industry.

Competition

Based on the business unit's net sales in 2009 of Ps. 12,452 million ($954 million), we believe the Glass Containers business unit is the principal supplier of glass containers in Mexico. The Glass Containers business unit competes with various smaller domestic manufacturers as well as with the glass container operations of the two major Mexican beer producers that produce bottles for their own consumption. The Glass Containers business unit in Mexico also competes with alternative forms of packaging, including metal, plastic, paper and aseptic containers. In the soft drinks industry, the Glass Containers business unit has faced increasing competition from polyethylene therephtalate containers ("PET"), as well as, to a lesser extent, from aluminum cans. In particular, since 1993 the shift of soft drinks and food containers from glass to PET has continued, albeit at a slower rate in recent years. In response to the shift in soft drinks and food containers from glass to PET, we continue to implement measures to offset the effect of PET substitution, including improving operating efficiencies, new product presentations and customer service. In 2009, for the fifth consecutive year, the soft drinks glass market increased versus the previous year, and our overall sales in the Mexican soft drinks market experienced a 0.4% compound annual growth rate from 2004 to 2009.

In Mexico, the business unit competes for customers primarily on the basis of service (focusing on on–time deliveries and design), quality (including the ability to conform to a wide variety of specifications) and scale (including the ability to assure customers of the capacity necessary to support their growth).

The Glass Containers business unit faces greater competition in the United States than in Mexico, mainly from Saint Gobain and Owens–Illinois. However, the business unit has utilized its competitive advantage to supply a variety of higher margin, value–added products, including specialty food, beverage, cosmetics and wine and liquor glass containers, and has increased its production expertise and flexibility, thereby allowing it to realize higher operating margins relative to traditional products. The business unit's ability to offer cost–effective short production runs, quick new product turn–around, an extensive glass color selection, diverse labeling capabilities and unique container designs are all examples of the application of its competitive strengths. The Glass Containers business unit competes primarily on quality, design and price in the United States. In Central America, the Glass Containers business unit competes with a number of smaller regional manufacturers.

Flat Glass Business Unit

Flat glass accounted for 47% of our consolidated net sales in 2009. In 2009, the Flat Glass business unit's net sales were Ps. 11,453 million ($877 million) and its export sales were $136 million (nominal U.S. dollars).

During 2009, 16% of the business unit's net sales were derived from export sales and 54% were derived from its foreign subsidiaries.

The business unit's customer base includes several large distributors and installers in the construction industry in Mexico and abroad, several automotive manufacturers such as General Motors, Ford Motor Co., Daimler Chrysler, Volkswagen, Nissan and Freightliner, and distributors and installers in the automotive replacement industry.

As of December 31, 2009, the Flat Glass business unit's total assets were Ps. 15,029 million ($1,151 million). The business unit owns over 250 operating centers, including three float glass furnaces and four automotive safety glass processing facilities in Mexico, six fabrication facilities in the United States, four processing facilities in Spain, one in France and two in Portugal. We believe our float glass capacity represented 57% of the float glass produced in Mexico and 3% of the total installed capacity in the NAFTA region.

The Flat Glass business unit has developed both a short–term and long–term strategy as follows.

Short–Term:

Given the current economic conditions coupled with the restructuring process the Company is currently undergoing, this business unit plans to:

(a) Preserve cash to guarantee operations through strict expense controls and non–payment of scheduled interest payments to the extent necessary;

(b) Reduce capital expenditures to a minimum level, mostly oriented toward required maintenance activities;

(c) Continue with the initiatives aimed at reducing costs and expenses; and

(d) Constantly communicate with clients and suppliers to maintain continuous operations.

Long–Term:

Once our economic conditions have improved and the debt restructuring process is finalized, this business unit will continue to:

(a) Enhance operating efficiencies;

(b) Improve cash flow and optimize asset use;

(c) Protect and increase our market share in the Mexican market for construction glass, reducing our reliance on the export market;

(d) Maintain our leading position and growth trend in the OEM glass business through increasing participation with the Asian car manufacturers;

(e) Consolidate and grow North American leadership of laminated window products for the OEMs and other value–added products;

(f) Diversify our client portfolio;

(g) Increase fabrication of value–added products in the United States and Mexico;

(h) Increase its European presence through Vitro Cristalglass; and

(i) Leverage the "Vitro" brand name.

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For the construction market, we rely on a preferred client network, Vitromart, which consists of 115 of the business unit's largest distributors of flat glass for the construction industry. Additionally, our Flat Glass business unit's strategy has emphasized production–retail integration for the Mexican auto glass replacement market. Two of our subsidiaries form the biggest automotive glass–replacement installation chain in Mexico. They operate 180 installation centers throughout Mexico, of which 64 are owned by these two companies and 116 are franchised. Both companies have agreements with the main insurance companies operating in Mexico in order to provide a complete service to such companies' clients.

Mexican Operations

We believe that the Flat Glass business unit is the largest flat glass producer in Mexico based on the business unit's net sales in Mexico in 2009. The business unit maintains six distribution centers throughout Mexico where construction customers or automotive customers can access information about the availability of products on a real–time basis. Approximately 42% of flat glass sales are from the Mexican operations, of which Ps. 3,304 million ($253 million) are sold in Mexico and $115 million (nominal U.S. dollars) are exports. Most of these export sales are made to automotive OEMs in the United States. The principal product that some of our subsidiaries produce and distribute is float glass for the construction industry, principally for commercial and residential uses, as well as raw material for the automotive safety glass producers. Some of our subsidiaries also produce tabletops and coated glass. For the Mexican automotive industry, our subsidiaries produce safety glass products such as windshields, side and back lights, rear quarters and sunroofs.

Vidrio y Cristal operates two float glass furnaces near Monterrey, Mexico and another subsidiary operates one in Mexicali, Mexico. Products at these facilities are manufactured using the float method, which involves pouring molten glass over a molten tin bath. During 2009, these float glass facilities were operating at 92% of their capacity. Additionally, we also have a furnace in Mexico City that has been shut down since 2006; therefore, its potential capacity is not included in our capacity utilization calculation.

Vidrio y Cristal and another subsidiary sell raw glass to builders, glass installers and distributors in the construction segment and a small proportion to the automotive safety glass producers as raw material. The sales force markets its construction products to a large number of distributors and is supported by a technical support department that offers technical advice to construction glass installers. These subsidiaries have designated commercial executives to serve as individualized customer service representatives for the business unit's principal purchasers of construction products.

For the production of automotive safety glass, we operate four processing facilities in Mexico for the automotive OEM market and the AGR market. Sales are made directly to automotive OEMs in Mexico and the United States, while the AGR market is serviced through the business unit's distribution centers throughout Mexico, independent distributors and installers and some of our stores. Our subsidiaries sell automotive safety glass products to automobile manufacturers in Mexico, the United States and other markets; main clients include General Motors, Ford, Chrysler, Volkswagen, Nissan and Freightliner.

Light vehicle production in North America decreased 32% in 2009 compared to 2008 but is expected to increase approximately 35% in 2010 due to an increase in vehicle demand. Our OEM sales are highly correlated to light vehicle production in North America, so any change in the latter could materially affect our sales and operating income.

In order to better serve our customers, we have established account plans for automotive OEMs. OEM account plans consist of staff whose time is exclusively dedicated to major OEMs and who provide specialized assistance in the areas of engineering, service and sales.

The Mexican peso revaluation effect has raised our Mexican peso–denominated sales in dollar terms, and also raised our Mexican peso–denominated expenses. The currency revaluation mostly affects our export sales.

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United States Operations

The United States operations of the Flat Glass business unit are conducted through one of our subsidiaries, which, based on its consolidated net sales in 2009, is one of the largest distributors of flat glass products in the United States. In 2009, it had consolidated net sales of $337 million, of which 86% were to the construction industry and 14% were to the AGR market.

Our U.S. subsidiary purchases flat glass as raw material from our Mexican subsidiaries and from United States manufacturers and uses it to process tempered, spandrel, insulated, laminated, mirrored and other products. In 2009, our Mexican subsidiaries supplied 50% of all flat glass purchased by our U.S. subsidiary; the other purchases, which our Mexican subsidiaries could not supply, include coated and other proprietary products. The end products are sold directly to distributors as well as to end–buyers through our U.S. subsidiary's own distribution centers and retail shops. Our U.S. subsidiary sells its construction products to builders and glass installers, who use its products in industrial and commercial projects such as skyscrapers and other buildings. It also distributes and sells to furniture manufacturers in the United States a significant number of custom–made glass tabletops produced by the Flat Glass business unit's manufacturing plants in Mexico. Additionally, certain of our Mexican subsidiaries engage in the design, manufacture and installation of custom skylights in the United States and several other countries. In May 2009, we decided to sell the inventory which was dedicated to serve the distribution AGR market, including windshields and side and back windows for American and foreign cars and trucks; therefore, since that date, we are no longer participating in the AGR distribution business in the United States, but remain in retail and installation segment.

Our U.S. subsidiary operates six fabrication facilities, 14 distribution centers and 82 installation centers in the United States.

European Operations

The Flat Glass business unit competes in the European flat glass construction market through Vitro Cristalglass, Verres et Glaces d'Epinay and Vitro Chaves, mainly with value–added products.

Vitro Cristalglass processes and distributes insulated glass, laminated glass and tempered glass, mainly for the Spanish, French and Portuguese markets. Vitro Cristalglass operates with four insulated glass manufacturing centers and two distribution centers, located in Barcelona and La Coruña. Additionally, Vitro Cristalglass has the biggest semi–finished manufacturing processing center in Spain, located in Ponferrada. Verres et Glaces d'Epinay, which is located in Villetaneuse, France and was acquired by Vitro Cristalglass in April 2008, manufactures insulated glass and serves the commercial and residential market in Northern France. See "—Acquisitions" above. Vitro Chaves manufactures and distributes insulated and laminated glass products in Portugal with their main facility located in Chaves (north of Lisbon) and a distribution center located in Lisbon. In 2009, Vitro Cristalglass and Vitro Chaves had consolidated net sales of Ps. 1,511 million ($116 million). Most of the sales of Vitro Cristalglass are of insulated glass windows, a value–added product, which are distributed to builders by Vitro Cristalglass' own sales force. Vitro Chaves' main products are insulated and laminated glass for the construction industry, which are distributed through its own and Vitro Cristalglass' distribution networks.

Central and South American Operations

Through its Colombian subsidiary and, to a lesser extent, through its subsidiaries in Venezuela, Ecuador and Panama, the Flat Glass business unit processes tempered and laminated glass for the automotive replacement, construction and specialty markets in Central and South America. Our Colombian subsidiary has one processing facility which is located in Colombia. In 2009, our Colombian subsidiary and its subsidiaries had consolidated net sales of Ps. 488 million ($36 million). The company is expanding into the OEM automotive glass market in Colombia and other Andean Pact nations as well as into the automotive replacement market in South America. It markets its products through a network of independent distributors to small– and medium–sized builders.

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Competition

In Mexico, some of our Mexican flat glass subsidiaries face competition in the construction industry mainly from Saint Gobain, Guardian and imports of glass products. Guardian, which since 1999 has competed with our Flat Glass business unit as an importer of raw flat glass products, completed the construction of a float glass furnace in Queretaro in 2004, which is estimated to produce 200,000 tons of float glass per year. The local competition of such subsidiaries compete primarily on price, service and quality. See "Risk Factors—Risk Factors Relating to Our Business—We operate in a highly competitive industry in which we compete with global competitors and vertically integrated customers, have relatively high fixed costs and are faced with sharply decreasing demands."

With respect to automotive safety glass, the business unit's principal competition includes Saint Gobain, PGW, Asahi, Pilkington, Zeledyne and imports of low–volume automotive glass products that are being utilized in new automotive designs produced in Mexico. Saint Gobain operates an automotive glass manufacturing facility located in Cuautla, Mexico.

Our U.S. subsidiary faces competition in the United States from a variety of flat glass manufacturers in the United States, as well as from a large number of medium– and small–sized fabricators and distributors of flat glass products. Such subsidiary competes in the United States primarily on the basis of breadth of geographic distribution capabilities, service (on a full line of products), price and quality.

In Europe, Vitro Cristalglass, as an insulated glass manufacturer, faces competition with regional competitors and integrated competitors like Saint Gobain. In Central and South America, Vitro Colombia's main competitors are Guardian, Pilkington and Saint Gobain.

Our Raw Materials

Soda Ash, Sand and Feldspar

The most important raw materials we utilize are soda ash, silica sand and feldspar. In 2005, we entered into a supply agreement with Unimin Corporation ("Unimin") that has been amended to extend its maturity until June 2013, whereby we have committed to purchase, and certain of Unimin's subsidiaries are committed to sell, our requirements of silica sand and feldspar at predetermined prices subject to adjustments according to a formula which takes into consideration market conditions. In 2009, we entered into a four–year supply agreement with American Natural Soda Ash Corporation ("Ansac"), whereby we have committed to purchase, and Ansac is committed to sell, 100% of our yearly requirements of soda ash at predetermined prices that depend on volume and market conditions. We have the production capacity, through one of our subsidiaries, to supply to a large extent the soda ash required by our glass making operations in Mexico.

To the extent that any of our Mexican subsidiaries require silica sand or soda ash of a different grade than that which we produce or that is produced by Unimin or by Ansac, those subsidiaries may acquire such silica sand or soda ash from various suppliers in the United States. We are not dependent on any single supplier for any of the raw materials utilized in our operations.

Energy

We, through certain of our subsidiaries, agreed to purchase, in the aggregate, 90 megawatts of electrical power and 1.3 million tons of steam per year pursuant to a 15–year "take–or–pay" power purchase agreement with Tractebel Energía, S. de R.L. de C.V. This contract took effect in October 2000 and the price at which we are required to purchase electrical power and steam is based on variables such as inflation, the Mexican peso/U.S. dollar exchange rate and the price of natural gas, the future value of which is uncertain.

Fuel

We are a large consumer of natural gas with an approximate consumption of 17 million MMBTUs in 2009 from operation of our 21 glass container furnaces and three float glass furnaces in Mexico. Our cost of goods sold is highly correlated to the price of natural gas. In recent years, every U.S. dollar fluctuation per MMBTU has had an

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annual impact of approximately $18 million on our cost of goods sold based on our average historical consumption of approximately 1.5 million MMBTUs per month.

During the first nine months of 2009, the natural gas price decreased 56% from its closing price on 2008 of $6.07 per MMBTU. As of December 31, 2009, the natural gas price was $4.40 per MMBTU, an annual decrease of 28%. However, during the first six months of 2010, the average natural gas price was $4.54 per MMBTU, showing an increase of 22% from the average price of $3.71 per MMBTU for the same period of 2009.

In the ordinary course of our business, we have historically entered into swaps and other derivative instruments to hedge our exposure to natural gas price increases. The percentage of estimated fuel consumption hedged has varied from 10% to 100%. The percentage of consumption hedged and the hedged prices change constantly according to market conditions based on the Company's needs and to the use of alternative fuels within its production processes. As of December 31, 2009, the Company had hedges for approximately 32% of its estimated consumption at an average price of approximately $6.80 per MMBTU for 2010 and approximately 19% of its estimated consumption at an average price of approximately $7.32 per MMBTU for 2011.

Because of our financial condition, we are currently unable to enter into hedging transactions to further minimize our exposure to increases in the price of natural gas, and were we able to enter into such transactions, we could not assure you they would be on favorable terms. Therefore, increases in the price of natural gas may cause us to realize significant losses in our results of operations.

The greater the percentage of our natural gas consumption for which we do not have hedges, the more vulnerable we are to realizing significant losses in our results of operations should the price of natural gas increase. Because of our financial condition, we are currently unable to enter into additional hedging transactions to further minimize our exposure to increases in the price of natural gas. However, as a result of our current natural gas hedges, a further decline in natural gas prices, while reducing our operating costs, would increase our financial expenses related to such hedges. For further information, see "Risk Factors—Risk Factors Relating to Our Business—We have experienced rising operating costs in each of our businesses."

Our Capital Expenditures

Our capital expenditures program is currently focused on new investments in technological upgrades and maintenance of our manufacturing facilities, as well as expansion of our production capacity. Our capital expenditures program also contemplates the purchase and maintenance of environmental protection equipment required to meet applicable environmental laws and regulations, as such may be in effect from time to time. The following table sets forth, for the periods presented, our capital expenditures by business unit.

	Year ended December 31,		
Business Unit	**2007**	**2008**	**2009**
		(Ps. millions)	
Glass Containers	Ps. 2,328	Ps. 1,538	Ps. 735
Flat Glass	324	255	264
Corporate and other	43	5	10
Total	Ps. 2,695	Ps. 1,798	Ps. 1,009

For 2008 and 2009, these capital expenditures are those effectively paid during the year, so they differ with the capital expenditures realized which are Ps. 1,909 and Ps. 638 million for 2008 and 2009, respectively.

During 2010, we expect to make capital expenditures in the range of Ps. 1,266 million ($100 million) as follows:

- Our Glass Containers business unit expects to make capital expenditures of Ps. 861 million ($68 million), which will be used: to provide maintenance to certain of our furnaces and IS machines; for a palletizing center; and for infrastructure in one of our facilities. The remainder will be applied to new product molds.

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- Our Flat Glass business unit expects to make capital expenditures of Ps. 405 million ($32 million), which will be used mainly for maintenance of our facilities.

The capital expenditures are expected to be financed with cash flows generated by our operations and with current cash on hand. Should we be unable to fund the total amount of our capital expenditures with cash flows from operations, we might defer a portion of such expenditures to future periods.

See "Liquidity and Capital Resources—Capital Expenditures" for a discussion of our principal capital expenditures during the last three full fiscal years.

Our Property, Plant and Equipment

All of our assets and property are located in Mexico, the United States, Central and South America and Europe. On December 31, 2009, the net book value of land and buildings, machinery and equipment and construction in progress was Ps. 15,338 million ($1,175 million), of which Ps. 14,062 million ($1,077 million) represented assets located in Mexico; Ps. 383 million ($29 million) represented assets located in the United States; Ps. 265 million ($20 million) represented assets located in Central and South America; and Ps. 628 million ($48 million) represented assets located in Europe.

Our principal executive offices are located in the Monterrey, Mexico area. We own and operate 34 manufacturing facilities worldwide, of which our float glass furnaces are our largest facilities. Our subsidiary Vitro Cristalglass has granted a lien on one of its facilities.

The following table sets forth, for the periods presented, the average capacity utilization and location of each of our business unit's principal manufacturing facilities.

Business Unit		Average Capacity Utilization 2008	Average Capacity Utilization 2009	Number of Facilities by City or Country
Glass Containers		86%	71%	Monterrey (3) Guadalajara Mexico City (2) Querétaro Toluca (2) Costa Rica Guatemala Panama Bolivia
Flat Glass	Float Furnaces(1)	106 %(1)	92%	Monterrey (4) Mexico City (2) Mexicali United States (6)
	Automotive Facilities	74%	49	Colombia Spain (4) Portugal (2) France

(1) Capacity utilization may sometimes be greater than 100% because pulling capacity is calculated based on a certain number of changes in glass color and thickness, determined by historical averages. Additionally, we also have a furnace in Mexico City that has been shut down since 2006; therefore, its potential capacity is not included in our capacity utilization calculation.

We also maintain over 64 installation centers in Mexico and 14 distribution centers and 82 installation centers in the United States, most of which are leased.

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We believe that all our facilities are adequate for our present needs and suitable for their intended purpose and that our manufacturing facilities are generally capable of being utilized at a higher capacity to support increases in demand.

See "—Our Capital Expenditures" above and "Liquidity and Capital Resources—Capital Expenditures" for a discussion of our capital expenditures.

Environmental Matters

Our Mexican operations are subject to Mexican federal, state and municipal laws and regulations relating to the protection of the environment. The primary federal environmental law is the *Ley General de Equilibrio Ecológico y la Protección al Ambiente* ("LGEEPA" or the General Ecological and Environmental Protection Law) pursuant to which regulations have been promulgated concerning air pollution, noise pollution, environmental impact assessments, environmental audits and hazardous wastes and substances. LGEEPA sets forth the legal framework applicable to the generation and handling of hazardous wastes and substances, the release of contaminants into the air, soil and water, as well as the environmental impact assessment procedure. The *Ley de Aguas Nacionales*, or National Water Law, and regulations thereunder govern the prevention and control of water pollution.

The *Ley General para la Prevención y Gestión Integral de los Residuos*, or General Law for the Prevention and Integrated Management of Waste, regulates the generation, handling, transportation, storage and final disposal of hazardous waste, as well as the import and export of hazardous materials and hazardous wastes. The Mexican federal government has established a public registry where federally regulated emission sources report their air and water emissions, as well as information on the generation, handling, transportation and disposal of hazardous substances.

In addition to the foregoing, *Normas Oficiales Mexicanas* ("Mexican Official Standards"), which are technical standards issued by regulatory authorities pursuant to the *Ley General de Metrología y Normalización*, or General Law of Metrology and Normalization, and other laws that include the aforementioned environmental laws, establish standards relating to air emissions (including air emissions for glass manufacturing operations), waste water discharges, the generation, handling and disposal of hazardous wastes and noise control, among other things.

The Mexican federal authority in charge of overseeing compliance with the federal environmental laws is the *Secretaria del Medio Ambiente y Recursos Naturales*, or Secretary of Environment and Natural Resources, which we refer to as "SEMARNAT." An agency of SEMARNAT, PROFEPA, has the authority to enforce the Mexican federal environmental laws. As part of its enforcement powers, PROFEPA can bring administrative, civil and criminal proceedings against companies and individuals that violate environmental laws, regulations and Mexican Official Standards and has the authority to impose a variety of sanctions. These sanctions may include, among other things, monetary fines, revocation of authorizations, concessions, licenses, permits or registrations, administrative arrests, seizure of contaminating equipment, and in certain cases, temporary or permanent closure of facilities.

Additionally, as part of its inspection authority, PROFEPA is entitled to periodically inspect the facilities of companies the activities of which are regulated by the Mexican environmental legislation and verify compliance therewith. Furthermore, in special situations or certain areas where federal jurisdiction is not applicable or appropriate, the state and municipal authorities can administer and enforce certain environmental regulations of their respective jurisdictions.

In 1998, our subsidiaries initiated a voluntary environmental auditing program implemented by PROFEPA. This program entails PROFEPA–approved auditors conducting environmental audits of the relevant facilities to determine if such facilities comply with applicable Mexican environmental laws. Once an audit is completed, the auditor issues a report of findings and recommendations, which must be delivered to PROFEPA. The audited facility thereafter enters into an agreement with PROFEPA on an action plan to be undertaken, pursuant to which, after being implemented to PROFEPA's satisfaction, the audited entity receives the *Industria Limpia* ("Clean Industry") certificate. The Clean Industry certificate is valid for two years and may be extended at the request of the audited entity, provided that an auditor reaudits and certifies that the relevant facility operates pursuant to the Clean Industry

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certificate that was previously granted. Obtaining this certificate implies that the audited facility is in compliance with applicable Mexican environmental laws at the time of receipt of the certificate.

A PROFEPA–approved independent auditor has completed environmental audits at all 15 of our facilities in Mexico. All of these facilities have already obtained the Clean Industry certificate.

Our foreign operations are subject to federal, state and local laws relating to the protection of the environment of the country in which such operations are conducted. From time to time, we conduct environmental assessments of our foreign operations, some of which are currently underway, to determine whether we are in compliance with applicable foreign environmental laws. We expect to spend approximately $1 million in capital expenditures over the next two years to comply with these and other environmental regulations as they become effective or are modified. We may, however, incur amounts greater than currently estimated due to changes in law and other factors beyond our control. Although there can be no assurance, we do not believe that continued compliance with Mexican and foreign environmental laws applicable to our operations will have a material adverse effect on our financial position or results of operations.

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DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Unless the context otherwise requires, in the sections entitled "Directors," "Senior Management" and "Share Ownership" of this section, the words "we," "us," "our" and "ours" refer to Vitro, S.A.B. de C.V. and not to its consolidated subsidiaries.

Directors

Our Board of Directors is responsible for the management of our business. Our by–laws provide that our Board of Directors will consist of the number of directors determined by our shareholders at the annual general ordinary shareholders' meeting, up to a maximum of 21 members, and that each member of our Board of Directors shall be elected at such shareholders' meeting for a renewable term of one year. Each director shall serve until his or her successor is duly elected and takes office. At our general ordinary shareholders' meeting held on April 29, 2010, our shareholders resolved that our Board of Directors would consist of 13 directors. We have no alternate directors.

A list of our current directors, their principal occupations and directorships, the year they first became a director and the year of their birth are set forth below.

Name	Principal Occupation	First Became a Director	Year of Birth
Adrián Sada González	Chairman of the Board of Directors of Vitro, S.A.B. de C.V.	1984	1944
Hugo A. Lara García	Chief Executive Officer of Vitro S.A.B. de C.V.	2009	1965
Tomás González Sada	Chairman of the Board, President and Chief Executive Officer of Cydsa, S.A.B. de C.V.	1980	1943
Andrés Yarte Cantú	Chairman of the Boards of Directors and Chief Executive Officer of Empresas Yarte, S.A. de C.V. and K Inver, S.A. de C.V. S.A.	1991	1941
Federico Sada Melo	International Commercial Manager of the Vitro Flat Glass Business Unit	2009	1979
Jaime Serra Puche*	President of SAI — Consultores, S.C.	1998	1951
Joaquín Vargas Guajardo*	Chairman of the Board of Directors of Grupo MVS Comunicaciones, S.A. de C.V.	2000	1954
Jaime Rico Garza	President and Chief Executive Officer of Vitro Europa, Ltd.	2008	1957
Manuel Güemez de la Vega*	Chairman of the Board of Regio Empresas, S.A. de C.V. and Grupo PREZ	2006	1942
Ricardo Martín Bringas*	Chief Executive Officer and Vice–Chairman of Organización Soriana, S.A.B. de C.V.	2007	1960
Mario Martín Laborín Gómez*	Chief Executive Officer of ABC Holding	2010	1952
Guillermo Ortiz Martínez*	President of Guillermo Ortiz y Asociados, S.C.	2010	1948
Adrián G. Sada Cueva	Vice President of Administration and Finance of Vitro Glass Containers Business Unit	2010	1975

* Independent non–management directors.

Mexican securities law requires that at least 25% of the members of the Board of Directors be independent. Vitro's Board of Directors is comprised of approximately 38% independent directors as of April 29, 2010. The directors receive directors' fees of two *Centenarios*, which are 37.5–gram gold coins, or its equivalent monetary value, per each meeting of our Board of Directors they attend and two *Centenarios*, or its equivalent monetary value, per each meeting of a committee of our Board of Directors they attend, except for the members of the Audit Committee who receive three *Centenarios*, or its equivalent monetary value, per each meeting of such committee they attend plus a monthly fee of Ps. 20,000.

The following are brief descriptions of the current occupations and biographical information of each of our directors:

Adrián Sada González, Chairman of the Board of Directors of Vitro:

Mr. Sada is a member of the Boards of Directors of Alfa, S.A.B. de C.V., Gruma, S.A.B. de C.V., Cydsa, S.A.B. de C.V., Regio Empresas, S.A. de C.V., the Latin American Executive Board for the Wharton School of Finance, the Mexican Businessmen Council and the Consejo de Industriales de Nuevo León. Mr. Sada is also President of our Finance and Planning Committee.

Hugo A. Lara García, Chief Executive Officer of Vitro:

In 1987, Mr. Lara joined Christianson Group, where he held several positions such as National Sales Manager, Account Manager, Research and Development Quality Assurance. In 1992, he joined Ceras Johnson, S.A. de C.V., where he held several positions such as Account Manager, Business Development Manager of Latin America and Group Manager. In 1999, Mr. Lara was appointed as Sales Manager and General Manager at Parmalat de México, S.A. de C.V. Mr. Lara joined us in 2004 as Glass Containers business unit's Commercial Vice President and Vidrio y Cristal's Vice President; in 2006 was appointed President of the Flat Glass business unit; and in November 2008 he was appointed Chief Executive Officer.

Federico Sada Melo, International Commercial Manager of Flat Glass Business Unit:

Mr. Sada is member of the Boards of Directors of Chipinque Ecological Park, Pronatura, Pro–Nature Conservation Association. Mr. Sada is also Board member of Instituto de Empresa Alumni.

Tomás González Sada, Chairman of the Board, President and Chief Executive Officer of Cydsa, S.A.B. de C.V.:

Mr. González is the Vice–President of the Mexican Institute of Competitiveness, the Treasurer of the Fundación Martínez Sada, a member of the Boards of Directors of Regio Empresas, S.A. de C.V. and of the Mexican Businessmen Council, member of the Board of Trustees of the Universidad Regiomontana and Honorary Consul–General of Japan in Monterrey, Mexico.

Andrés Yarte Cantú, Chairman of the Boards of Directors and Chief Executive Officer of Empresas Yarte, S.A. de C.V., and K–Inver, S.A. de C.V.:

Mr. Yarte is Chairman of the Boards of Directors and Chief Executive Officer of Empresas Yarte, S.A. de C.V., and K–Inver, S.A. de C.V.

Jaime Serra Puche, President, SAI–Consultores, S.C.:

Mr. Serra is President of SAI–Consultores, S.C.; founder of Aklara (Electronic auctions), Centro de Arbitraje de Mexico (CAM), and Mexico NAFTA Fund (Private Capital Fund); Member of the Boards of Chiquita Brands International, Fondo México, Tenaris and Grupo Modelo; Mexico's Secretary of Finance and Public Credit (1994), Secretary of Trade and Industry (1988–1994), and Undersecretary of Revenue in the Ministry of Finance (1986–1988); Member of Trustees of the Yale University (1994–2001); Co–chair of the President's Council on International Activities of Yale University; and Member of the Trilateral Commission and the US–Mexico Bilateral Council.

Joaquín Vargas Guajardo, Chairman of the Board of Directors of Grupo MVS Comunicaciones, S.A. de C.V.:

Mr. Vargas is a member of the Boards of Bolsa Mexicana de Valores; Grupo Costamex, S.A. de C.V.; Grupo Financiero Santander; Grupo Posadas; and Médica Sur; and is a member of the Mexican Businessman Council. Mr. Vargas is also President of our Audit Committee.

Jaime Rico, President and Chief Executive Officer of Vitro Europa, Ltd.:

Mr. Rico has been Chairman of the Board of IP Vidrio y Cristal, Ltd. and Vitro Global, Ltd. and member of the Board of Directors of Vitro Cristalglass, S.L. Mr. Rico is the President and CEO of Vitro Europa, Ltd.

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Manuel Güemez de la Vega, Chairman of the Board of Regio Empresas and Grupo PREZ:

Mr. Güemez is Chairman of the Boards of Regio Empresas, S.A. de C.V. and Grupo PREZ and member of the Advisory Committee of Grupo de Seguridad Integral and alternate director of Gruma. Mr. Güemez is also President of our Corporate Practices Committee.

Ricardo Martín Bringas, Chief Executive Officer and Vice–Chairman of Organización Soriana, S.A.B. de C.V.:

Mr. Martín has held executive positions in the management and finance departments of several companies, such as Organización Soriana, S.A.B. de C.V., La Ciudad de París and Restaurantes Martin's. Mr. Martín is currently the Chief Executive Officer and Vice–Chairman of Organización Soriana and member of the Boards of Directors of HSBC México, S.A. de C.V., Grupo Financiero Banamex, S.A. de C.V., Grupo Financiero Banorte, S.A. de C.V., Banco Mercantil del Norte, S.A. de C.V., Asociación Nacional de Tiendas de Autoservicio y Departamentales (ANTAD), Instituto Tecnológico y de Estudios Superiores de Monterrey, Consejo Mexicano de Hombres de Negocios, Grupo de Empresarios de Nuevo León and Teléfonos de México, S.A.B. de C.V.

Mario Martín Laborín Gómez, Chief Executive Officer of ABC Holding:

Mr. Laborín has been Corporate and Treasury Director of Grupo Visa (FEMSA); Co–Founder and CEO of Grupo Vector; CEO of BBVA Bancomer and Chairman of its brokerage firm; CEO of Nacional Financiera S.N.C.; and CEO of Banco Nacional de Comercio Exterior (Bancomext). Mr. Laborín is currently CEO of ABC Holdings and member of the Boards of TV Azteca, Cervecería Cuauhtémoc, Transportación Marítima Mexicana, Bancomer, Bolsa Mexicana de Valores, Mexder, Indeval, Xignux, Megacable, Cydsa and Gruma.

Guillermo Ortiz Martínez, President of Guillermo Ortiz y Asociados, S.C.:

Mr. Ortiz was Governor of the Bank of Mexico from December 1994 to December 2009. Mr. Ortiz served as Secretary of Finance and Public Credit in the Mexican Federal Government from 1988 to 1994; Executive Director at the International Monetary Fund (1984–1988); and Manager as well as Deputy Manager in the Economic Research Department of the Bank of Mexico (1977–1984).

Adrián G. Sada Cueva, Vice President of Administration and Finance of Glass Containers business:

Mr. Sada is a member of the Board of Coparmex Nuevo León, Consejo Ejecutivo de la Universidad de Monterrey, Empresas Comegua, S.A., Pronatura Noreste, Organización de Vida Silvestre, A.C. and Club Deportivo Cazadores Monterrey, A.C. He has served as President of Vitro Automotriz, S.A. de C.V. (2006–2008) and President of Vitro Cristalglass, S.L. (2003–2005).

Secretary and Surveillance

On April 29, 2010, our shareholders at the General Ordinary Shareholders' Meeting reelected our Executive Vice President and General Counsel Alejandro Sánchez Mújica as the Secretary of our Board of Directors. According to the *Ley del Mercado de Valores*, or Mexican Securities Market Law, our Secretary is not a member of the Board of Directors.

The Board of Directors, through the Audit and Corporate Practices Committees as well as the external auditor, conducts surveillance of Vitro and of the subsidiaries controlled by Vitro, taking into consideration the financial, administrative and legal circumstances of each entity.

Senior Management

The following table sets forth certain information with respect to our senior managers. There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any of them was selected as a member of the senior management.

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Name	Title	Current Position Held Since	Year of Birth
Hugo A. Lara García	Chief Executive Officer	2008	1965
Alejandro Sánchez Mújica	Executive Vice President and General Counsel	2005	1954
Claudio Del Valle Cabello	Chief Financial and Administrative Officer and Chief Restructuring Officer	2003	1960
Alfonso Gómez Palacio	President of the Glass Containers Business Unit	2009	1942
David González Morales	President of the Flat Glass Business Unit	2009	1955

The following are brief biographies of each of our senior managers:

Hugo Lara García, Chief Executive Officer:

Mr. Lara received a Bachelor in Chemical Engineering at La Salle University in Mexico City. Later, Mr. Lara received a Master in Business Administration, an International Business Diploma and a Master in International Business at the ITESM, Campus Estado de México. In 1987, Mr. Lara joined Christianson Group, where he held several positions such as National Sales Manager, Account Manager, Research and Development Quality Assurance. In 1992, he joined Ceras Johnson, S.A. de C.V., where he held several positions such as Account Manager, Business Development Manager of Latin America and Group Manager. In 1999, Mr. Lara was appointed as Sales Manager and General Manager at Parmalat de México, S.A. de C.V. Mr. Lara joined us in 2004 as Glass Containers business unit's Commercial Vice President and Vidrio y Cristal's Vice President; in 2006 was appointed President of the Flat Glass business unit; and in November 2008 was appointed Chief Executive Officer.

Alejandro Sánchez Mújica, Executive Vice President and General Counsel:

Mr. Sánchez Mújica earned a law degree from the Escuela Libre de Derecho in Mexico City, where he graduated in 1978. In addition, he earned a Master of Comparative Jurisprudence degree from The University of Texas at Austin, School of Law in 1979 and a Master of Arts (Economics and Administration) also from the University of Texas at Austin in 1980. In 1983, he joined the Secretaría de Programación y Presupuesto, as advisor to the Undersecretary of Regional Development. In 1983, Mr. Sánchez Mújica also joined the Instituto para el Depósito de Valores ("INDEVAL") as Legal Manager. In 1985 he joined DESC, Sociedad de Fomento Industrial (currently known as Grupo KUO, S.A.B. de C.V.), as Legal Manager of Industrias Negromex, S.A. de C.V. and later of Novum, S.A. de C.V., afterward becoming Executive Legal Director. In 1992, he became the Corporate Legal Director of Pulsar Internacional, S.A. de C.V. In 2003 he joined the law firm of Thompson & Knight, where he was made Senior Partner. In 2005, Mr. Sánchez Mújica joined us as our Executive Vice President and General Counsel.

Mr. Sánchez Mújica is member of several Mexican and foreign corporations, such as of the Advisory Board Member of the University of Texas Lady Bird Johnson Wildflower Center and of the Fundación Pro Museo Nacional de Historia, is Secretary of the board of Trustees of Chipinque Ecological Park and is a member of the board of Cámara de la Industria de Transformación de Nuevo León (CAINTRA).

Claudio Del Valle Cabello, Chief Financial and Administrative Officer and Chief Restructuring Officer:

Mr. Del Valle earned a Bachelor in Public Accounting at the Universidad Regiomontana in Monterrey, Mexico. In 1978, Mr. Del Valle began working for Gómez Morfín Meljem and Asoc. (now Galaz, Yamazaki, Ruiz Urquiza S.C., Member of Deloitte Touche Tohmatsu) as a Junior Auditor and later became Senior Supervisor. In 1985, Mr. Del Valle joined us as Chief of Special Studies for our former raw materials business. In 1986, he became our Tax Consolidation Manager. In 1992, Mr. Del Valle was appointed Vice President for Administration of Vitro Corporativo, S.A. de C.V. and in 1995 was appointed Vice President of Finance and Controller of Anchor Glass Container Corp. In 1996, Mr. Del Valle was appointed our Vice President of Treasury and Administration. In 2002, Mr. Del Valle was appointed our Chief Financial Officer and, in August 2003, he was named our Chief Administrative Officer. In November 2008, the Finance and Administrative areas were merged and put under

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charge of Mr. Del Valle who, to focus the efforts necessary to carry out the financial restructuring process required by the Company, since April 2009, was also designated Chief Restructuring Officer, on a temporary basis.

Mr. Del Valle is a member of the Accounting Institute of the State of Nuevo León, Mexico. Also, in 2001 Mr. Del Valle was appointed Vice President of the Tax Committee of the Mexican Stock Exchange. Mr. Del Valle was the President of the Issuers' Committee of the Mexican Stock Exchange and as of today acts as Vice President Tax of the Issuers' Committee of the Mexican Stock Exchange and is currently a member of the Board of Directors of Universidad Regiomontana and Gas Industrial de Monterrey.

Alfonso Gómez Palacio, President of the Glass Containers Business Unit:

Mr. Gómez Palacio received a Bachelor and Master in Business Administration at the University of California at Berkeley. Later, Mr. Gómez Palacio received a degree in Advanced Studies in Business Administration and Commerce at the University of Bordeaux in France. He was appointed Commercial Vice President of the Glass Containers business unit in 1985 and Executive Vice President of the same business unit in 1992. Mr. Gómez Palacio was appointed Vice President of Marketing and Sales of the Glass Containers business unit in October 2002 and, in May 2003, he was appointed President of the Glass Containers business unit.

On October 2006, Mr. Gómez Palacio announced his plan to retire on June 30, 2007. Mr. Gómez Palacio came back from his retirement to lead our Glass Containers business unit during the Company's restructuring process from June 2009.

David González Morales, President of the Flat Glass Business Unit:

Mr. González received a Bachelor degree in Economics at the Universidad de Monterrey. Later, Mr. González received a Master degree in Science at the University of Missouri. In 1976 Mr. González joined Grupo Alfa, S.A.B. de C.V., as an Economics Analyst. Mr. González joined us in 1980 as Chief of Industrial Economics for our Glass Containers business unit and then held different managerial positions such as Price Manager, Administration Manager, North Zone Sales Manager, Strategic and Economics Planning Manager, and Business Development Manager. In 1994, he was appointed Vice President of Development Administration for our former Diverse Industries business and in 1999 was appointed as Vice President of Enbosa, S.A. de C.V. In 2002, he was appointed as International Vice President for our Glass Containers business unit. In 2003, Mr. González was appointed as Vice President of our Value Added Business and then in 2004 as President of Vitro Cristalglass, both of which are part of our Flat Glass business unit. In 2006, he was appointed Co–President of Glass Containers business unit and, in 2007, subsequent to Mr. Alfonso Gómez Palacios's retirement, he was appointed President of the Glass Containers business unit. On June 26, 2009, Mr. González was appointed as Flat Glass President.

Family Relationship of Directors and Senior Management

Six of our 17 directors and senior managers are related by blood (including first cousins) or marriage to another member of this same group. Mr. Adrián Sada González is father of Mr. Adrián Sada Cueva, a cousin of Mr. Tomás González Sada and a uncle of Mr. Federico Sada Melo. Mr. Andrés Yarte Cantú is Mr. Adrián Sada González brother–in–law, as well as a cousin by marriage of Mr. Tomás González Sada and uncle–in–law of Mr. Federico Sada Melo and Mr. Adrián Sada Cueva. Mr. Jaime Rico Garza is a nephew–in–law of Mr. Adrián Sada González.

Use of Certain Assets and Services

Certain of our directors and senior managers received personal services performed by certain of our personnel, mainly security services in México, a number of whom are exclusively dedicated to performing such services. The receipt of such services was done in accordance with our *Política de Uso Especial de Servicios Corporativos y de Seguridad*, our corporate and security services policy, approved by our Board of Directors with the prior favorable opinions of the Audit Committee and of the Corporate Practices Committee. The aggregate amount of compensation set forth below includes the cost of granting the use of assets and providing such services.

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Compensation

For the year ended December 31, 2009, the aggregate compensation we paid to our directors and senior managers was approximately Ps. 229 million ($17.5 million). This amount includes directors' fees, salaries, the use of certain assets and services, as described above, and variable compensation.

During 2009, we accrued amounts relating to pension and retirement benefits for our senior managers. Our independent directors were not entitled to pension or retirement benefits from us during 2009. In accordance with actuarial practices in Mexico, reserves for seniority premiums and pensions are determined in the aggregate for each one of our subsidiaries using average amounts for variables such as turnover, age and life expectancy. We therefore cannot determine the amount reserved for pension or retirement benefits for any individual employee, including our senior managers. The aggregate amount of compensation set forth in the previous paragraph does not include the cost of pension and retirement benefits for our senior managers. See "—Pension Benefits" below.

Directors' Compensation

Pursuant to the Mexican General Law of Corporations, our shareholders, at our annual general ordinary shareholders' meeting held on April 29, 2010, agreed to compensate our directors with two Centenarios, or its equivalent monetary value, per each meeting of the Board of Directors they attend. Likewise, at such annual general ordinary shareholders' meeting, the shareholders resolved that the members of each of our Board of Director's committees, other than the Audit Committee's members, shall receive two Centenarios, or its equivalent monetary value, per each committee meeting they attend. In consideration of the Audit Committee's members' expanded responsibilities they receive three Centenarios, or its equivalent monetary value, per each meeting they attend plus a monthly fee of Ps. 20,000. The aggregate amount of compensation set forth in "—Compensation" includes fees paid to our directors.

Variable Compensation

In 2005, we modified our variable compensation plan established in 2001 in order to standardize and integrate our foreign subsidiaries to this scheme. This plan aligns the objectives of our employees with our business strategy and its purpose is to: (i) recognize the extraordinary performance of our employees, (ii) align the interests and incentives of our employees with those of the Company, (iii) focus on key priorities and (iv) attract and retain talented employees. This plan is based on the improvement of (i) cash flow from operations, (ii) compliance with the capital expenditures budget and (iii) individual performance. Depending on the results of such metrics, our employees are eligible to receive a bonus equal to an amount ranging between 1.2 and 6.0 times their monthly base salary. For the year ended December 31, 2009, we paid Ps. 82.6 million ($6.3 million) under our variable compensation plan mentioned above.

In 2006, we created a long–term incentive plan for certain key executives. This plan aligns the objectives of our key executives with our business strategy and its purpose is to: (i) achieve financial value for the medium and long term, (ii) achieve a sustainable yield, (iii) focus on Vitro's results, (iv) complement our executive's compensation and (v) attract and retain talented employees. This plan is based on the improvement of economic value added of the Company (an internal performance measure). For the year ended December 31, 2009, we did not pay any amount under our long–term variable compensation plan.

Employee Stock Option Plan

We maintain an Employee Stock Option Plan established in March 1998 (the "Plan"). The Plan specifies the amount of shares, time and initial exercise price, which is equal to the average closing price on the BMV of the common shares on the 20 days prior to the grant date, except for options issued during 2000, 2001 and 2002, which were Ps. 11.00, Ps. 8.27 and Ps. 7.53, respectively. The vesting period of the options is 5 years and the life of such options is 10 years.

We have not granted any stock options since 2002.

The following table sets forth, for each of the periods presented, the number of options granted during such period and certain other information, as of December 31, 2009.

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	For the year ended December 31,						
	1998	1999	2000**	2001	1998*	2002	Total outstanding
Options granted	2,813,300	2,893,000	4,851,900	3,204,800	940,950	3,941,950	
Options cancelled, expired or exercised at December 31, 2009	2,813,300	2,893,000	3,986,950	2,827,950	478,050	3,208,150	
Options outstanding December 31, 2009			864,950	376,850	462,900	733,800	2,438,500
Exercise Price			Ps. 11.00	Ps. 8.27	Ps.13.00	Ps. 7.53	

* During the year ended in 2001, we modified the price of 940,950 options granted in 1998 and their maturity date to 2011.

** The options granted in 2000 expired on March 2010.

Compensation cost charged against income for the Plan was Ps. 1 million, for each of 2007, 2008 and 2009, respectively. The aggregate amount of compensation set forth in "—Compensation" includes fees paid to our directors and does not include the cost of the grant of options under the Plan.

Pension Benefits

Our pension benefit obligations and the related costs are calculated using actuarial models and assumptions applicable in the countries where the plans are located, principally in the United States and Mexico. Two critical assumptions, discount rate and expected return on assets, are important elements of plan expense and/or liability measurement. We evaluate these critical assumptions at least annually. Other assumptions involve demographic factors such as retirement, mortality and turnover rates, as well as the rate of increases in compensation. These assumptions are evaluated periodically and are updated to reflect our experience. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors. The discount rate enables us to state expected future cash flows at a present value on the measurement date. We have little latitude in selecting this rate since it is determined jointly between us and the pension plan's actuary and is required to represent the market rate for high–quality fixed income investments. A lower discount rate increases the present value of benefit obligations and increases pension expense. To determine the expected long–term rate of return on pension plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. With respect to the pension plans in the United States, as of December 31, 2009, the assets set aside to satisfy the estimated obligations under such pension plans were sufficient to meet the estimated obligations as they come due. With respect to the pension plans in Mexico, as of December 31, 2009, the assets set aside to satisfy the estimated obligations under such pension plans were Ps. 1,140 million while the related estimated obligations were Ps. 3,052 million. Our aggregate pension expense in 2009 was approximately Ps. 445 million.

As of December 31, 2009, the assets of our pension plans include 53,341,849 Vitro shares. See "Major Shareholders" and "Related Party Transactions."

Severance Benefits

All of our senior managers, executives who are members of the Board of Directors and children of senior managers working for Vitro, are entitled to a severance payment net of taxes equal to up to three times of their gross annual base salary, if they cease to be employed by us in connection with a change of control of Vitro, S.A.B. de C.V. This severance benefit is in addition to any severance payment due to such persons under Mexican law.

Employees

As of December 31, 2009, we employed 16,807 personnel, approximately 81% of whom were located in Mexico.

The following table sets forth, for the periods indicated, the period end and average number of employees of each of our two operating business units and our corporate offices.

Business Unit	2007 Period End	2007 Average	2008 Period End	2008 Average	2009 Period End	2009 Average
Glass Containers	13,967	13,717	10,044	13,575	8,445	8,881
Flat Glass	9,488	8,965	8,785	9,284	7,667	7,766
Corporate Offices	987	815	556	624	695	745
Total	24,442	23,497	19,385	23,483	16,807	17,392

The following table sets forth, for the periods indicated, our employees by geographic location.

Business Unit	2007 Period End	2007 Average	2008 Period End	2008 Average	2009 Period End	2009 Average
Mexico	18,070	17,063	15,406	17,486	13,602	13,875
United States	2,632	2,676	2,436	2,530	1,878	2,115
Rest of the world	3,740	3,758	1,543	3,468	1,327	1,402
Total	24,442	23,497	19,385	23,484	16,807	17,392

Relation with Labor Unions

In Mexico, all of our workers (others than our *empleados de confianza*) are currently affiliated with labor unions. Labor relations in each manufacturing facility in Mexico are governed by separate collective bargaining agreements which were entered into between the relevant subsidiary and a union selected by the employees of the relevant facility. The terms of the collective bargaining agreements are renegotiated every two years, except for wages, which are negotiated every year. For over 60 years, we have not experienced any strikes that materially affected our overall operations in Mexico and management believes that it has a good relationship with its employees and the labor unions to which they are affiliated.

In the United States, a majority of our workers are currently affiliated with labor unions. Management believes that it has a good relationship with its employees in the United States and the labor unions to which they are affiliated.

Share Ownership

The following table sets forth information regarding the beneficial ownership of our shares by each of our directors and senior managers as of October 14, 2010, the date of our most recent general ordinary shareholders' meeting. The voting power exercisable by our directors and senior managers may be greater than the percentage of our shares held by them. See "Major Shareholders" and "Related Party Transactions."

Name	Number of Shares Owned	Percentage of Shares Outstanding[3]	Granted Options[4]	Outstanding Options[4][5]	Exercise Price on Grant Date	Adjusted Exercise Price	Expiration Time
Adrián Sada González	29,545,712[1][6]	7.65%	90,400	90,400	13.00	N/A	March 2011
			550,000	137,500	8.27	N/A	March 2011
			550,000	275,000	7.53	N/A	March 2012
Hugo A. Lara García	*	*	—	—	—	—	—
Tomás González Sada	*	*	—	—	—	—	—
Andrés Yarte Cantú	*	*	—	—	—	—	—
Federico Sada Melo	29,212,591[2]	7.56%	—	—	—	—	—
Jaime Serra Puche	*	*	—	—	—	—	—
Joaquín Vargas Guajardo	*	*	—	—	—	—	—
Jaime Rico Garza	*	*	—	—	—	—	—

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Name	Number of Shares Owned	Percentage of Shares Outstanding(3)	Granted Options(4)	Outstanding Options(4)(5)	Exercise Price on Grant Date	Adjusted Exercise Price	Expiration Time
Manuel Güemez de la Vega	*	*	—	—	—	—	—
Ricardo Martin Bringas	*	*	—	—	—	—	—
Alejandro Sánchez Mújica	*	*	—	—	—	—	—
Claudio Del Valle Cabello	*(6)	*	15,100	15,100	13.00	N/A	March 2011
			59,000	14,750	8.27	N/A	March 2011
			60,500	30,250	7.53	N/A	March 2012
David González Morales	*	*	—	—	—	—	—

* Beneficially owns less than one percent of our shares.

(1) Reported as a group with his wife, Mrs. Esther Cueva de Sada, and his son, Mr. Adrián Sada Cueva. Entered into the following agreements: (a) a Shareholders Agreement with Ms. Alejandra Sada González which was effective as of December 11, 2009 (the "2009 Shareholders Agreement"), the main provisions of which set forth the rules to be followed by the abovementioned shareholders with respect to: (i) joint exercise of their voting rights and (ii) any transfer of their shares; and (b) a Shareholders Agreement with Mr. Alfredo Harp Helú and Ms. Alejandra Sada González which was effective as of April 28, 2010 (the "2010 Shareholders Agreement"), the main provisions of which set forth the rules to be followed by the abovementioned shareholders with respect to: (i) joint exercise of their voting rights, except with respect to certain specific and relevant matters, and (ii) any transfer of their shares.

(2) Reported as a group with his parents, Mr. Federico Sada González and Mrs. Liliana Melo de Sada, his brother, Mr. Mauricio Sada Melo, and his sister, Ms. Liliana Sada Melo.

(3) For purposes of calculating percentage of shares outstanding, we use the number of our shares outstanding that was 386,411,643 shares, which is the number equal to our 386,857,143 issued shares minus the shares held as treasury stock. The total amount of outstanding shares includes 53.6 million of shares that are subject to dispute. See "Major Shareholders—Shares Subject to Dispute."

(4) The options listed below are options to purchase our shares.

(5) All the options are exercisable.

(6) In addition to the shares set forth below, Messrs. Adrián Sada González and Claudio Del Valle Cabello may be deemed to be beneficial owners of the 39,777,907 shares held by our Stock Option Trust, as they are members of the Technical Committee of the Stock Option Trust and share the right to vote and the right to sell the shares held by the Stock Option Trust with the other member of the Technical Committee.

See "—Compensation—Employee Stock Option Plan" for a discussion of the only arrangement providing our employees with equity–based compensation.

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MAJOR SHAREHOLDERS

As of October 14, 2010, the date of our most recent general ordinary shareholders' meeting, 386,857,143 of our shares were issued of which 386,411,643 of our shares were issued and outstanding. As of such date, 445,500 of our shares were held as treasury stock, 39,777,907 of our shares were held by the Stock Option Trust, and 59,484,349 of our shares were held by the Pension Plan Trust. Under Mexican corporate law, shares held as treasury stock are not considered outstanding. Under Mexican corporate law, our shares held by the Stock Option Trust are considered issued and outstanding and therefore are entitled to receive dividends and vote on matters on which other of our shares are entitled to vote. However, for accounting purposes, the shares held by the Stock Option Trust are considered treasury stock and therefore not outstanding. Under Mexican corporate law, the shares held by the Pension Plan Trust are considered issued and outstanding for all purposes. Accordingly, all information relating to Major Shareholders and the voting rights relating to our common stock, includes all shares held by the Stock Option Trust and the Pension Plan Trust.

We had one class of ADSs, registered under the Securities Act, which were terminated and delisted on August 24, 2009. Our ADSs were evidenced by ADRs, and each of our ADSs represented three CPOs. Each CPO represents one of our shares. Our CPOs have no voting rights with respect to the underlying shares, but have all the economic rights relating to those shares. The trustee that holds our shares represented by CPOs is required to vote those shares in the same manner as the majority of our shares not so held that are voted in the relevant shareholders' meeting. This has the effect of increasing the voting power of holders of our shares (other than the trustee) in excess of the percentage of our shares held by such holders. Therefore, the voting power exercisable by our major shareholders may be greater than the percentage of our shares outstanding held by them. As of October 14, 2010, 31 million of our shares were represented by CPOs. For further information regarding the CPOs, see "Description of the CPOs."

The following table sets forth our major shareholders and their shareholdings as of October 14, 2010.

Name	Shares Outstanding(1)	% of Shares Outstanding(2)
Pension Plan Trust	59,484,349	15.39
Stock Option Trust	39,777,907	10.29
Mr. Alfredo Harp Helú(7)(8)	38,171,281	9.88
Mr. Adrián Sada González(3) (4) (6) (7)	29,545,712	7.65
Mr. Federico Sada González(3) (5)	29,212,591	7.56
Ms. Alejandra Sada González(3) (6) (7)	26,058,188	6.74

(1) All of the shares that may be issued upon exercise of our outstanding options are held by our Stock Option Trust, and all of our outstanding options are currently exercisable.

(2) Calculation of percentage of shares outstanding based upon 386,857,143 issued shares minus 445,500 held as treasury stock. The total amount of outstanding shares includes 53.6 million of shares that are subject to dispute. See "—Shares Subject to Dispute" below.

(3) Mrs. María Nelly Sada de Yarte, her children and her children's spouses collectively hold 17,182,163 of our shares, representing 4.45% of our issued and outstanding shares, which are not included in the table above. Mrs. María Nelly Sada de Yarte is a sister of Mr. Adrián Sada González, Mr. Federico Sada González and Ms. Alejandra Sada González

(4) Reported as a group with his wife, Mrs. Esther Cueva de Sada, and his son Mr. Adrián Sada Cueva. In addition to the shares set forth below, Mr. Adrián Sada González may be deemed to be a beneficial owner of the 39,777,907 shares held by our Stock Option Trust, as a member of the Technical Committee of the Stock Option Trust who shares the right to vote and the right to sell the shares held by the Stock Option Trust with the other member of the Technical Committee.

(5) Reported as a group with his wife, Mrs. Liliana Melo de Sada, his sons Messrs. Federico Sada Melo and Mauricio Sada Melo, and his daughter, Ms. Liliana Sada Melo.

(6) Entered into the 2009 Shareholders Agreement. The main provisions of the 2009 Shareholders Agreement set forth the rules to be followed by the abovementioned shareholders with respect to: (i) joint exercise of their voting rights and (ii) any transfer of their shares.